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ABSTRACT

The student loan program run by the Instituto Colombiano de Credito Educativo y Estudios Tecnicos en el Exterior (ICETEX) has three main objectives: to increase the country's supply of highly skilled manpower, to achieve more equality of educational opportunity, and to provide a meaningful source of finance for higher education. An analysis of 4,100 accepted loan applications from the years 1969-1971, or about 15 percent of the total loans granted during that period, reveals that success in reaching ICETEX's objectives has been mixed. By concentrating loans in particular fields of study, ICETEX has had a substantial impact on the structure of the country's educated manpower. While loans to students in Colombia's public universities tend toward equalization of educational opportunity, loans to students in private schools are often larger and go to more socially privileged students. Since public university tuitions must be kept low for political reasons, loan moneys go either for tuition at more expensive private colleges or pay student living costs, and provide no effective financial assistance to the public institutions. Extensive tables displaying the research findings follow a discussion of possible improvements in the ICETEX system. (Author/PGD)

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

Bank Staff Working Paper No. 132

June, 1974

STUDENT LOANS IN DEVELOPING COUNTRIES: AN EVALUATION OF THE COLOMBIAN PERFORMANCE

Student loans are often considered as an innovative and promising policy tool in the field of education finance. If properly designed, loan schemes are a potential source of education finance. They may contribute to altering the distribution of educational opportunities and the supply of educated manpower. Furthermore, they have important implications for the redistribution of the burden of educational costs.

This paper is an assessment of the Colombian experience with student loans. The methodological approach adopted here is an empirical one. The arguments developed in the paper are based on information drawn from a sample of about 4,000 loan applications covering the 1969-71 period. Preparation of the sample and coding of the information were carried out under the supervision of Alberto Bayona, Consultant to IBRD, during the period January-June 1972. The data were processed by SOCOS (Societe de Conseil Scientifique) in Paris, France.

The attached paper is the third in a series of reports prepared in connection with the research program being carried out by the Education Department (Central Projects Staff) on education finance in Latin America. Two other studies, namely, "The Financing of Education: An Examination of Basic Issues" (Bank Staff Working Paper No. 157, July 1973), and "Public Expenditures on Education and Income Distribution in Colombia" (World Bank Occasional Paper No. 18, The Johns Hopkins Press, 1974), have already been published under this program.

I am grateful to Dr. Augusto Franco, Director of ICETEX in Colombia, for granting access to ICETEX archives and for lending continuous support during the course of this study.

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STUDENT LOANS IN DEVELOPING COUNTRIES: AN EVALUATION OF THE COLOMBIAN PERFORMANCE

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STUDENT LOANS IN DEVELOPING COUNTRIES: AN EVALUATION OF THE COLOMBIAN PERFORMANCE

I. INTRODUCTION

In the world of education finance, the principle of sharing the burden of educational costs between taxpayers and consumers of education is widespread. Great variations in the proportions of public versus private funds for education may be found across countries, over time in a single country and among various types of education. Sometimes, policy makers are also seeking to alter the existing mix of public and private finance for selected groups of students or fields of study. Student aid policies are the usual vehicle for such a change. These policies can be used to increase (or decrease) the taxpayers contribution to educational costs. By doing so, they contribute to make certain types of education cheaper (or more expensive) for selected groups of students. Such alterations in the pricing policy of education are usually expected to bring a number of beneficial effects such as more educational opportunities for the poor, a supply of trained manpower better adapted to the demand of the economy and a change in the amount of resources available for education.

Among the various student aid policies practiced all over the world, student loan schemes are often singled out as policies having strong potentialities to achieve such objectives. The case for student loans is also made on the grounds that the costs of education should be borne by those who benefit from it, that is to say, the students rather than their parents. If loans are available to students to finance their education, the traditional parental contribution is likely to disappear and be replaced by students' contribution out of their future incomes. In other words, the immediate effect of a loan scheme will be to decrease the re-distribution of income that usually goes on within families from older to younger generations. This inter-generational redistribution of income has been an important feature of the student loan schemes which have been operating in such developed countries as the United States and Scandinavian countries for quite a few years. But it is only recently - towards the end of the fifties - that such programs have been launched in developing countries, sometimes with the help of international donor agencies. The Dominican Republic, Panama and Jamaica are just a few examples among others.

It is fair to say that student loan schemes are presently raising great expectations in the developing world although no assessment of the ability of such schemes to fulfill the sometimes ambitious objectives assigned to them has ever been made. The purpose of this paper is precisely to make an evaluation of the performance of one particular student loan scheme operating in a developing country. Colombia, which has nearly twenty years of experience in this area, was selected for this exercise.

1. Generalities on the Colombian Student Loan Scheme

In Colombia, the student loan scheme is run by ICETEX.[1] This institution functions as a decentralized public agency with legal and financial autonomy. Lending money to students is only one activity among others at ICETEX which also operates various programs of fellowships,[2] academic orientation, counselling and contributes to the general manpower planning effort of the country. Historically, ICETEX activities have always related to higher education; however, in 1971, the management of the scholarship program for high school students was transferred from the Ministry of Education to the Institute.

ICETEX funding originates in public and private scholarship funds, government subsidies, low-interest loans from the banking sector, and students' repayments. Between 1953 and 1969, the major part of the Institute activities was devoted to the loan program for studies abroad. More than 20,000 students were able to finance their studies outside Colombia, thanks to ICETEX loans, during this period.[3] In most cases, these students were graduate students looking for post-graduate courses unavailable in Colombia at that time. In 1968, ICETEX undertook a major shift in its lending policy by developing a substantial lending program for studies in Colombia.[4] Each year, about 10,000 students - that is, roughly 10 percent of the total Colombian student body - have been able to finance their studies in Colombian universities through this program since 1969.

This recent emphasis on loans for studies in Colombia has now become a permanent feature of ICETEX lending policies; in 1971, 50 million Pesos were borrowed to finance studies in Colombia as against 30 million to finance studies abroad. Furthermore, for the same year, the average loan for studies abroad was about 15 times as big as the average loan for studies in Colombia, which amounted to US$280. As a result, the number of loan recipients under the former program was 360 in 1971 as against close to 10,000 under the latter program. The forthcoming analysis will deal exclusively with the student loan program for studies in Colombia.

1/ ICETEX, Instituto Colombiano de Credito Educativo y Estudios Tecnicos en el Exterior (Colombian Institute of Educational Credit and Technical Studies Abroad). This institution was founded by Dr. Gabriel Betancur Mejia in 1950 and is presently directed by Dr. Augusto Franco Arbelaez.

2/ The Institute acts as a clearing-house for all the fellowships granted by multilateral and bilateral sources to Colombian students.

3/ See El Credito Educativo en Colombia, 1950-1970, ICETEX, Bogota, 1970.

4/ This policy shift was made possible thanks to a drastic increase in the borrowing capabilities of ICETEX. This was achieved through a resolution of the Central Bank authorizing commercial banks to make out-of-quotas, re-discountable loans to ICETEX at a two percent interest rate.

2. Evaluating a Student Loan Scheme: A Conceptual Framework

As it was shown elsewhere, student loans may have different - and sometimes opposite - effects on the price and the demand for education and on the distribution of educational opportunities and income, depending on the objectives which they purport to achieve and the pre-existing financial arrangements affecting the costs of higher education.[1] In the present study, no attempt will be made to compare student loans with other methods of education finance in order to determine if and to what extent student loans are the "best" way to finance higher education in Colombia. The approach adopted here will, rather, attempt (i) to assess if the initial objectives set forth by the founders of ICETEX have been met; (ii) to check if the loan scheme has had other unintended and, possibly, undesirable effects; and (iii) to make suggestions concerning alternative policies for the future.

To put it in another way, the study addresses itself to the following question: "How effective have student loans been in achieving their goals in Colombia?" An appropriate answer to this question requires, first, an exhaustive analysis of what ICETEX has actually been doing during the recent years, and second, a comparison of its performance with the initial expectations. Such an approach will permit to throw some light on the strong as well as the weak points of the Colombian loan scheme and will provide reasons for success as well as failure. In this respect, the study is also an enquiry into the circumstances under which the scheme could be made more effective and a step towards the design of alternative policy courses for the future.

3. The Objectives of the Loan Scheme Operated by ICETEX

The exercise which consists in defining the objectives of an institution in such a way that they can be confronted with implementation is not an easy one, especially when the objectives are not defined in any precise and measurable manner. When the analysis is carried out a posteriori, there is always the risk to enlarge what were initially rather narrow objectives - thus making their attainment more difficult - or vice versa, to narrow ambitious objectives in order to make attainment easier. Either attitude depends largely on the analyst's prejudices vis-a-vis the institution under consideration. In the case of ICETEX, the problem is even more complicated because of the policy change which occurred in 1968 and which ought to be interpreted as reflecting a change of objectives for the institution as a whole. In spite of these difficulties, an attempt to spell out the goals of the student loan scheme run by ICETEX is worthwhile simply because no policy-oriented evaluation of ICETEX performance in this area can take place without at least a minimum agreement on what student loans purport to achieve in Colombia.

1/ See "The Financing of Education: An Examination of Basic Issues", by Jean-Pierre Jallade, Bank Staff Working Paper No. 157, IBRD, July 1973.

In this connection, the literature and the legal papers dealing with the founding of ICETEX emphasize three recurrent themes:

(i) The first one has to do with the belief that student loans could contribute to provide the country with an adequate supply of highly skilled manpower. At the beginning of ICETEX life, this was to be achieved by sending students abroad for further training. As higher education facilities developed in Colombia, student loans were made available to students who wanted to pursue their studies in Colombian universities.

(ii) Never very far away from the manpower argument is the point made in favor of equality of educational opportunity. It was argued that student loans will increase the prospects of low-income students for gaining access to or pursuing university education. The social composition of the student body would thus be altered for the benefit of the poor thanks to the loan scheme.

(iii) The third argument in favor of student loans lies in their potentialities as a source of education finance. The idea of "financing higher education through a student loan system" has certainly played an important role in the setting up and funding of ICETEX by Colombian authorities. It was also fostered by recurrent crises over the financing of higher education. Also, the belief that credit for education would permit to pay for education by anticipating the students' productive capacity is well in line with modern thinking about education as a high pay-off investment.

The three above-mentioned objectives of the Colombian student loan schemes are still stated in rather general terms. Further elaboration may indeed be necessary if a meaningful assessment of their implementation is to be made. This can be done by surveying ICETEX's general lending policies.

The most straightforward way to act upon the size and the structure of the supply of educated manpower is by making (certain types of) education cheaper (or more expensive) for individuals to purchase. In connection with the supply of manpower, Colombian authorities always emphasized the context of scarcity of skilled manpower within which the country's economy was operating. As a result, the Colombian loan scheme is pursuing a lending policy which

charges below the market interest rates.[1] The resulting subsidy attached to each loan should obviously result in a decrease in the students' contribution to the costs and, therefore, in an increase in the demand for education. Furthermore, ICETEX funds are expected to be allocated among fields of study according to the manpower needs required by the economic development of the country.

The goal of equality of opportunity is sanctioned in practice by two criteria defining loan eligibility. By stating that loans should be granted only to the students whose family income is below a certain ceiling[2] and whose academic ability is above the average student, ICETEX hopes to encourage the enrollment in institutions of higher education of a socially unbiased but academically capable cross-section of the eligible population.

How can student loans contribute to finance Colombian higher education? If one accepts the premise that financing higher education means financing both the institutions of higher education and the students who attend them, student loans can do the trick to the extent that a portion of each loan goes to support universities while the remaining part is made available to students to help them face their maintenance (and related) expenditures. This is precisely what ICETEX loans are trying to achieve by earmarking a certain fraction of each loan for the financing of tuition costs[3] while the remaining part goes to the student themselves.

Thus, the three overall objectives of the Colombian student loan scheme, namely, to increase (or alter the pattern of) the supply of highly skilled manpower, to achieve more equality of educational opportunity and to provide a meaningful source of finance for higher education have been clearly translated into ICETEX's operational procedures. The purpose of this paper is to assess to what extent these objectives have been implemented, altered during implementation or replaced, intentionally or not, by other objectives.

4. Sources of Data

Most of the data used in the present study were raised through a sample of about 4,100 loan application forms filled out by borrowers between the years 1969 to 1972. The sample does not include rejected applications. These forms, which are part of the individual files kept in ICETEX archives, include information about the type and location of the studies undertaken by student-borrowers,

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1/ The interest rate charged during the 1969-71 period is 3 percent. Repayment starts after a grace period varying from six months to several years.

2/ ICETEX regulations state that no loans will be granted to students whose yearly family income was in excess of US$10,000 in 1971 for a family with two dependants.

3/ This fraction is forwarded directly by ICETEX to the universities without going through students' hands.

their expected expenditures and sources of finance, their socio-economic characteristics and past academic achievement. Furthermore, the system of files is organized in such a way that it was possible to follow-up a cohort of students who, after having borrowed money during a given year to finance their studies, renewed their borrowing in subsequent years.

The lack of even superficial information about the universe as a whole led to the adoption of a random sample of application forms representing about 15 percent of the universe. The sample was stratified only by years and regions of application.[1/] The processing of the information included in this sample required the preparation of a standard coding sheet on which each individual's data were transcribed.[2/] The punching of this information required two standard IBM cards per students.[3/]

In order to pinpoint the impact of student loans, it would have been useful to undertake systematic comparisons of the information raised on students-borrowers with similar information about the student body as a whole. Unfortunately, the statistical data concerning the Colombian student population are rather poor and often incomplete. Such comparisons are therefore difficult. However, the existing information found in the literature and at ICFES[4/] was used whenever possible.

The National Testing Service[5/] of ICFES also provided unpublished tabulations about students' attitudes towards the financing of their studies, income levels and past academic achievement.

The study is divided into ten chapters. Chapter 2 provides a quantitative overview of student loans in Colombia, Chapter 3 attempts to evaluate the importance of student loans as a source of higher education finance. Chapter 4 focuses on the impact of student loans on the supply of educated manpower. Chapter 5 deals with the geographical allocation of ICETEX loans. Chapter 6 addresses itself to the question of student loans and equality of educational opportunity. Chapter 7 attempts to assess the influence of loans on

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1/ ICETEX' central office is located in the capital city of Bogota; four regional branches have been set up in Medellin, Cali, Barranquilla and Bacaramanga; a number of smaller offices exists throughout the country, usually located in the universities themselves.

2/ There is no coding space on ICETEX loan application forms. Copies of both the loan application form and the coding sheet are shown in Annex I.

3/ The coding and punching operations were carried out at ICETEX in Bogota during January-July 1972, under the supervision of Alberto Bayona Nunez, Consultant, IBRD-ICETEX. The actual processing was carried out by SOCOS (Societe de Conseil Scientifique) on Control Data 6600 during Jan-June'73.

4/ Institute Colombiano para el Fomento de la Educacion Superior (Colombian Institute for Development of Higher Education).

5/ Servicio Nacional de Pruebas.

on the internal efficiency of the education system. Some empirical evidence on students' attitudes towards loans is presented and discussed in Chapter 8. Chapters 9 and 10 draw the main conclusions of the study and outline a few alternative policies for the future.

II. STUDENT LOANS IN COLOMBIA: A QUANTITATIVE OVERVIEW

1. Volume and Structure of Lending

The total number of loans granted to students by ICETEX over the three-year period 1969-71 is estimated at 30,000.[1/] It has increased by roughly 10 percent a year, starting with sligthly more than 9,000 loans in 1969 - which was the first year of large scale lending for studies in Colombia - and culminating with approximately 11,000 loans in 1971, which represents about 10 percent of the Colombian student body.

Table 1 shows that the average amount of loans - which are granted on a yearly basis - has been around 5,500 Pesos (US$250/300) and has increased by 10 percent over the period. About 83 percent of the loans were granted to male students as against 17 percent to female students who account for about one-fourth of the student body as a whole. Because, as an average, loans for men are about 10 percent higher than loans for women, close to 85 percent of ICETEX funds have gone to men as against 15 percent to women over the period.

ICETEX loans are tailored to finance four types of expenditures: maintenance, tuition, books and expenditures related to the termination of studies (graduation). In practice, such earmarking of funds is extremely important to determine the role of loans in the financing of higher education: the funds earmarked for the financing of tuition costs contribute to finance universities while those going for maintenance costs, books and graduation are designed to help the students themselves. Table 1 shows that, over the 1969-71 period, about 35 percent of ICETEX funds went for tuition costs, 52 percent for students' maintenance expenditures, 10 percent and 3 percent for expenditures on books and graduation respectively. While no significant changes in these proportions were recorded during the period, females were clearly using much higher proportion of their loans to finance tuition costs than men[2/] and a much lower proportion to finance their maintenace expenditures than men.[3/] In the Colombian context, one can explain these differences by the ability of female students to generate more family help which substitutes for ICETEX funds in paying for maintenance expenditures,[4/] thus enabling them to use these funds to finance more expensive studies.

1/ It is recalled that this study is restricted to ICETEX loans whose purpose is to finance post-secondary education in Colombia.
2/ 50-55 percent as against 30-33 percent.
3/ 35-40 percent as against 50-55 percent.
4/ Female students live at home probably more than male students.

According to Table 2, the typical student-borrower is single. Married students account for 11 percent of all loan recipients only. However, because the average loan to married students is 40 percent higher than to single students, the former receive 15 percent of ICETEX funds as against 85 percent for the latter. Logically enough, married students devote more money to finance their maintenance expenditures than do single students: close to two-thirds of the loans as against one half. As a consequence, married students spend relatively less on tuition, although still more in absolute values because they get bigger loans than single students.

A breakdown of loan recipients by age shows that younger students, i.e., under 24 years of age, received slightly more than half of all ICETEX loans between 1969 and 1971 and that this proportion decreased from 58 percent in 1969 to 51 percent in 1971: see Table 3.- The average size of loans increases systematically with age: loans to students over 26 are 38 percent bigger than loans to students under 21 over the 1969-71 period. As a corollary, the share of students under 24 years of age in ICETEX funds amount to 49 percent during the period and dropped from 53 percent to 46 percent between 1969 and 1971. As no data on the age structure of the student body at large exist in Colombia, there is no way of checking if ICETEX favors or discriminates against any age-group.

The proportion of loan funds devoted to maintenance and graduation expenditures increases with age while the corresponding proportion spent on tuition decreases accordingly. Middle aged groups between 22 and 25 - spend always more on books than younger or older age groups: 12 percent as against 9 percent.

In 1969, first year during which the program was operating on a full scale basis, ICETEX loans were allocated more or less equally among the first five years of study. Post-graduate and six-year students received less than 5 percent of all the loans granted during that year: see Table 4. In 1970, while each year of study received a bigger proportion of loans than in 1969, the share of first year students dropped from 21 percent to 8 percent. The same phenomenon occurred again in 1971 and was accompanied by a decrease in the proportion of second year students in all loans. The only explanation seems to be that, while freshmen were given the same opportunities to receive ICETEX loans as other students at the beginning of the program in 1969, most of them borrowed again in subsequent years to finance their second and third year of study, thus creating a shortage of funds which discriminated against new first-year students.

The most recent data on the distribution of the student body by year of study refer to the year 1966 during which 40 percent of all students were enrolled in the first year of study.[1/] If this proportion remained the same through 1969, then first-year students are clearly discriminated against by ICETEX operations as they received only 10 percent of all loans during the 1969-71 period. Second year students who account for 23 percent of the student body in 1966 were

1/ See "La Educacion en Colombia", Boletin Mensual de Estadistica, DANE, June 1969.

also discriminated against, but less so, as they received 17 percent of all loans. On the contrary, more advanced students[1] (37 percent of the student body) received a preferential treatment from ICETEX as they were granted 73 percent of all loans over the period.

This finding is reenforced by the fact that the average amount of loans increases steadily with year of study.[2] Loans for postgraduate studies, for instance, are 3.4 times bigger than loans to first year students over the 1969-71 period.[3] As a result, more than three-fourth of ICETEX funds (77 percent) have gone for the support of advanced students[4] as against 23 percent for the support of first and second year students who account for more than half of the student body.

The structure of loans to students by year of study is shown in Table 4. While, on the whole, the share of expenditures on maintenance and books increases with year of study, the share of tuition expenditures decreases accordingly. Two extreme positions are expressed by first year students and postgraduate students: the former devote 34 percent and 60 percent of their loans to maintenance and tuition expenditures respectively as against 81 percent and 15 percent for the latter. The importance of graduation expenditures is far from being negligible - about 10 percent of the loan - among students enrolled in the fifth and sixth year of study.

Close to three-fourths of all loan recipients during the 1969-71 period were part time students and this proportion increased from 1969-1972 (see Table 5). Presumably, these students also worked part time, which seems to indicate that wages were used as an additional source of finance to complement loans. This being said, part time students were inclined to apply for smaller loans than the minority of full time students. However, the difference is small; loans to full time students are only 10-15 percent bigger than loans to part time students. Furthermore, full time students do not borrow more to pay for their maintenance expenditures[5] but to purchase more expensive education: 60 percent of the amount borrowed is spent on tuition as against 32 percent for part time students.

All this seems to suggest that part time studies in Colombia reflect more a fact of life than a preference for wages over loans. The majority of student-borrowers need to combine part time work and loans in order to make it. Only a minority of loan recipients can do without part time work but probably not without some other form of assistance.

1/ Third year students or more.
2/ This finding is consistent with the previous one showing that the size of loans increases with age.
3/ Post graduate students thus receive 8.5 percent of ICETEX funds with only 3.2 percent of loans.
4/ Third-year students or more
5/ They probably get financial help from somewhere else (their family, perhaps) to pay for these expenditures.

2. The Beneficiaries of ICETEX Loans

ICETEX loans are made on a one-year basis to finance studies which usually last about five years, sometimes more. As a consequence, students are inclined to renew their borrowing year after year until completion of their studies. The result is that, while the number of loan recipients is always equal to the number of loans awarded on a one-year basis, there are always fewer beneficiaries than loans on a longer period simply because each borrower may be granted various loans by renewing his application over several years. There seems to be no limitations to the practice of renewed borrowing and the possibility has been largely used by Colombian students as shown in Table 6. In 1969 - the first year during which the program was operated on a large scale basis - the proportion of first time applicants was at its peak (63 percent) but there were already 20 percent of second time applicants. In 1970, the majority of applicants (54 percent) were applying for their second loan and only 16 percent of all applicants were first time applicants. In 1971, third-time applicants were, by far, the most numerous group (47 percent) and the proportion of first time applicants dropped even further (12 percent). This pattern holds for men and women alike.

Thus, the students who benefited most from the ICETEX lending program for studies in Colombia are those who filled their first application at the beginning of the program in 1969 and renewed it in subsequent years. As a consequence, there were few loans left available for those who, less alert or not eligible for loans for whatever reasons in 1969, started to borrow later in 1970 or 1971.[1/]

Table 7 shows the extent to which students actually managed to renew their borrowing year after year. Considering a cohort of 1,000 students who borrowed for the first time in 1969, two-thirds of them received their second loan in 1970, 40 percent received their third loan in 1971 and 15 percent managed to borrow for the fourth time in 1972. As an average, each student of the cohort was awarded 2.2 loans over the 1969-72 period, that is about US$600-650 from ICETEX funds. Fourth-time borrowers in 1972 received, on an average, about US$1,100 - 1,200 of ICETEX funds over the 1969-72 period. As a result, the number of students actually helped by ICETEX was less than half the number of loans awarded over the period.

3. Conclusions

To sum up, one can sketch out a preliminary profile of the "typical" loan recipient, who is a male, single and somewhere between 20 and 30 years of age. He is already well advanced in his studies, which are a part-time occupation. Once he applies for and is awarded a loan from ICETEX, he has a strong tendency to renew his borrowing

1/ Although first time borrowers are not necessarily first year students, this finding confirms what has been said previously about the diminishing ability of freshmen to get loans after 1969.

over the years. The US$250-300 or so which he gets each time is used for payment of his tuition fees (35 percent), his own living expenditures (52 percent) and other expenditures related to his studies, namely, books (10 percent) and graduation (3 percent). This structure of expenditures represents an average. Loan recipients tend to spend more on maintenance expenditures and less on tuition when they are male, married, older, more advanced in their studies and part time students. All in all, they are rather privileged persons since only one student out of ten benefits from ICETEX funds.

These first findings raise a number of questions concerning ICETEX lending policies:

(i) The case of female recipients who are relatively few and get smaller loans than men, is an unsettled one. As the proportion of females in the Colombian student body increases, ICETEX's doctrine with respect to female students should be clarified. Should ICETEX contribute to the inevitable trend toward the relative feminization of the student body by lending relatively more to female than to male students or just accompany this trend by making sure that the proportion of women in the borrower population is at least equal to that of the student body as a whole?

(ii) In view of the always limited amount of funds available for lending, the case for women would probably have to be weighed against the case for lending to married, older, full-time or more advanced students who all get above average loans.

(iii) As the ICETEX lending program is in full operation, it appears that first and second year students, as well as first-time borrowers, do not receive their fair share of ICETEX funds which seem to be somewhat committed to helping advanced students through graduation. As loans are made on a one-year basis, the choice is between helping again those who have already been helped and bringing new beneficiaries into the system. Perhaps ICETEX should take a harder look at alternative sources of finance - such as wages - which are more readily available to some students (older ones?) than to others. Perhaps also, eligibility for a second loan could be submitted to harsher criteria than for a first loan. This is no easy policy choice but it is an inescapable one as long as funds available for lending do not grow at a pace at least equal to that of the eligible population.

III. ICETEX LOANS AS A SOURCE OF HIGHER EDUCATION FINANCE

As mentioned earlier, part of ICETEX loans is devoted to finance tuition costs and can be considered as a source of university revenue. The remaining part is used by students to finance their living and instructional expenditures. Before spelling out the importance and role of ICETEX loans in the financing (i) of the Colombian universities and (ii) of the students who attend them, it is worth recalling that ICETEX loans are highly subsidized through below-the-market interest rates.

1. The Grant Component of ICETEX Loans

During the 1969-71 period, ICETEX charged an interest rate of 3 percent on all loans for studies in Colombia. Furthermore, repayments were due after a grace period of variable duration, from six months, which is the time allocated to graduates to find a job, to several years for borrowers who have not completed their studies.

It is fairly obvious that an interest rate of 3 percent makes ICETEX loans very cheap. In order to determine the exact amount of subsidy involved by each loan, one must have an idea of the commercial rates charged elsewhere for loans of similar duration and characteristics. This is not an easy task in a country like Colombia because past domestic finance policies have resulted in a wide array of interest rates which are designed to help some economic activities at the expense of others. Even within one particular sector of the economy such as agriculture, interest rates of 8 percent for, say, farm extension, coexist with interest rates of 13 percent for, say, farm purchase. A fortiori, in a sector like higher education where no comparable precedent exists as yet, the fixing of an interest rate for loans to students is bound to be largely arbitrary.

In this connection, it is worth recalling, however, that the consumer price index rose by roughly 10 percent a year in Colombia during the 1969-71 period. Of course, nobody really knows whether inflation will abate or worsen and it is fair to say that the country has done better in this respect in the past. Still, a 10 percent interest rate on student loans provides, in the present state of affairs, a rough guideline if loans were only to be repaid in real terms. Needless to say many financial institutions charge much higher interest rates - 15 percent or more - for non-regulated activities.

Rough calculations show that the typical ICETEX loan of about US$300 carrying at 3 percent interest charge over five years implies a grant component which is half the principal when compared with a similar loan carrying a 10 percent interest rate and about equal to the principal when compared with a similar loan carrying a 16 percent interest rate. Such a policy of heavily subsidized loans implies, in the absence of any modification in the pricing of education (tuition fees) to students, a shift of the financial burden of higher education away from the students to the non-

students as the subsidies have to come from someone.[1] It also contributes to an overall increase in the demand for higher education through a decrease in its price.

In 1972, ICETEX took some steps aiming at both reducing the grant component of loans and quickening the pace of repayments. This was achieved by proposing to borrowers eight alternative repayment plans carrying interest rates which increase strongly as the duration of the plan increases. Under this new procedure, only the shortest plan which requires debt repayment in one single year, carries the old interest rate of 3 percent and, therefore, a full-size subsidy. The longest plan requires the repayment of the debt in eight years and carries a 16 percent interest rate which is very close to market rates. Such loans involve hardly any subsidy at all.

Although there is no data available yet as to which plans will be selected by the student-borrowers, the increased interest rates should, however, result in a decrease in the demand for education and in the power of loans as incentives to undertake university education. By shifting the debt burden away from ICETEX and its sponsors to the students, they should also contribute to the self-financing of ICETEX.

2. ICETEX Loans and the Financing of Universities

In Colombian higher education, private universities have traditionally coexisted with public universities. In 1970, their respective shares of enrollments were roughly fifty-fifty but this has not always been the case: thirty years ago, private universities used to enroll only one-third of the student body. From the financing viewpoint, the main difference between the two is that private universities charge much higher tuition fees than public universities. As a consequence, tuition fees are a much more important source of total university revenue in the private sector than in the public sector.

A breakdown of the volume and structure of loans to students by type of university is given in Table 8. During the 1969-71 period, students enrolled in private universities received slightly more than one third of the loans (36 percent) but 44 percent of ICETEX funds because the average amount of loans was 38 percent higher than for students enrolled in public universities. The structure of loans by type of university varies widely: 72.4 percent of the average amount of loans to students in private universities is earmarked for tuition expenditures as against 7.5 percent in public universities. Inversely, students in public universities devote 74.3 percent of each loan to the financing of their living expenditures as against 19.7 percent for students in private universities. Lastly, students in public universities spend close to 15 percent of each loan on books as against 6 percent for students in private universities.

1/ ICETEX will make up for the difference between interest rates in the first instance. But, in the long run, the burden will fall on the financial sponsors, both public and private of this institution.

As a result, ICETEX loans contribute much more to the financing of private universities than to the financing of public ones, both because loans are bigger and the proportion of each loan devoted to tuition is much higher in the former case than in the latter. For each loan granted to a student in a private university, 4,660 Pesos go to the university as tuition fees as against 350 Pesos in the case of a public university, that is, 13.3 times as much. Over the 1969-71 period, about 51 million Pesos of tuition fees financed on ICETEX funds went to private universities as against 6.7 million to public universities, that is 7.6 times as much.1/

Needless to say the higher tuition fees charged by private universities go a long way to explain why loans are bigger in the case of private universities than of public universities. Students willing to enroll in the former institutions have to face high tuition costs, which are reflected in their loan applications. On the contrary, the very low, not to say nominal, tuition fees charged by public universities leave applicants in a situation where living costs are the single most important justification for loans.

Although data about the various sources of finance of public and private universities leave much to be desired in Colombia, an attempt was made to assess the importance of tuition fees financed for ICETEX funds in total university revenue for 1969 and 1970 (see Table 9). The first striking thing is the huge difference in total university revenue between the two sectors, which enroll a roughly identical number of students. Unless the total revenue of private universities is grossly underestimated, which is always possible, and provided all revenue is spent, a student in the public sector would cost three times as much as in the private sector. Close to 70 percent of total revenue of private universities originate in tuition fees as against 5 percent for public universities. When ICETEX loans are brought into the picture, one can see that around 9-10 percent of all tuition fees are financed by ICETEX funds in the private sector as against 4-5 percent in the public sector. Finally, tuition fees financed through loans amount to 6-7 percent of total revenue in private universities as against 0.2 percent in public universities.

The inescapable conclusion is that <u>ICETEX loans are a small source of finance for private universities and a negligible one for public universities</u>. This difference of treatment results from the various features which characterize university finance in the public sector as compared with the private sector, namely, (i) higher total revenue per student, (ii) lower proportion of total revenue originating in tuition fees, (iii) lower amount (in absolute values) of tuition fees financed by loans, (iv) lower proportion of loan financed tuition fees to total tuition fees.

1/ These data are computed on the basis of 30,000 ICETEX loans for studies in Colombia over the 1969-71 period.

3. ICETEX Loans and Students' Finance

In each ICETEX loan, the amount which is not earmarked for tuition is used to finance students' living expenditures as well as their expenditures on books and graduation. As Table 10 shows, students enrolled in public universities always enjoy greater support from ICETEX for these expenditures than students enrolled in private universities. As an average, the former received 2.8 times as much as the latter over the 1969-71 period. The explanation is, of course, that the former group spends a much smaller part of their loans on tuition than the latter as was shown in the preceding section.

ICETEX loans are not the only source of student finance. Among other things, students may enjoy family help and receive wages. When applying for ICETEX loans, students are requested to declare all the financial help which they may be able to secure in addition to loans. As Table 10 shows, the total amount of student finance available to each borrower is very slightly and perhaps not significantly higher in the public sector than in the private sector. More striking is the fact that, over the 1969-71 period, ICETEX loans accounted for more than 60 percent of total student finance for students in public universities as against 27 percent for students in private universities. In the public sector, family help and other sources of finance (including wages) account for about 20 percent of total student finance as against one-third and 40 percent respectively in the private sector.

To put it in another way, because public sector students rely much more on ICETEX loans for their living than do private sector students, the latter group would probably manage to find substitutes much more easily than the former group if no loans for living and related expenses were available.[1/]

To what extent are these amounts of student finance in line with expected student expenditures is hard to assess in the absence of any data on student individual budgets. Furthermore, it is probable that relatively wide margins of error are likely to affect students' expectations vis-a-vis the costs and financing of their studies. One should expect, however, the structure of student finance to vary according to socio-economic backgrounds, as family help, for instance, is more readily available to wealthy students than to the others.[2/]

As a conclusion, the role of ICETEX loans in the financing of Colombian higher education can be summed up in the following way: First, ICETEX loans are heavily subsidized through low interest rates. Although they might be considered as a cheaper system than a system of outright grants, they still, in the absence of such a system, result in a greater involvement of non-student funds in the provision

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1/ This statement does not contradict the conclusion reached in the preceding section, namely, that students enrolled in private universities devote a major part of their loans to the financing of tuition expenditures.

2/ See Chapter VI.

of higher education and in an overall increase of the demand for education. This situation might be reversed soon as the interest rates charged on ICETEX loans were to be increased from 1972 and on. Second, it is hardly exaggerated to say that ICETEX loans play a negligible role in the financing of public universities but an important one in the financing of the students enrolled in these universities. Conversely, they are a small source of finance for private universities through tuition fees paid by students, and private sector students use them to complement the other sources of finance available to them.

IV. ICETEX LOANS AND THE SUPPLY OF EDUCATED MANPOWER

One of the explicitly stated objectives of the student loan scheme run by ICETEX is to contribute to shape the supply of educated manpower in accordance with the economic needs of the country. It was shown in the preceding chapter that the effect of ICETEX heavily subsidized loans is to make higher education cheaper for students to purchase, thus leading to an increase in the overall demand for education and a subsequent increase in the supply of educated manpower.

ICETEX lending policies also seek to alter the structure of the supply of educated manpower by granting a preferential treatment to some fields of study at the expense of others. They can do so by enforcing selective lending policies and by varying the size of loans - that is, their power as an incentive to undertake a given type of university education - according to the fields of study under consideration.

The volume of ICETEX lending by field of study over the 1969-71 period is shown in Table 11. The four main beneficiaries, which have received 71 percent of all loans and 74.2 percent of all funds are Engineering, Medical Sciences, Agriculture and Business Administration in that order, with engineering alone accounting for nearly one-third of the total. There is no need to elaborate manpower forecasts to state that all these fields of study probably fall among the priorities of the country, although the low preference granted to studies in middle-level technology is conspicuous. The emphasis on engineering and business administration is particularly strong in private universities where over half of all loans are concentrated on these two fields of study. On the contrary, student-borrowers in public universities tend to concentrate on medical sciences (21 percent) and agriculture (19 percent).[1/]

There is no clear relationship between the average size of loans granted by ICETEX and preference for academic specialty. Loans for studies in engineering and medical sciences are slightly bigger than the average but the reverse is true for loans in agriculture and business administration. The smallest loans are granted for studies in humanities and middle-level technology. As noted before, loans for studies in private universities are always

1/ In this connection, it is worth observing the negligible amount of ICETEX funds going to agriculture in private universities.

bigger than in public universities except for agriculture and education. When the distribution of loans by field of study is compared with the distribution of the student body as a whole,[1] ICETEX loans appear to act as incentives to increase the propensity of students to enter such fields as engineering, medical sciences, agriculture, and exact sciences. The impact of ICETEX is probably the strongest in the case of agricultural studies in which 12.4 percent of all loan recipients but only 6.6 percent of the student body are enrolled. In all other fields, borrowers are under-represented vis-a-vis the student body as a whole with the possible exception of social sciences. There seems to be a strong bias against studies in education in which only 2.1 percent of all loan recipients but 10.9 percent of the student body are enrolled.

The foregoing considerations rest on two opposite - and unwarranted - assumptions, namely, (i) all student-borrowers who undertake university studies - and enter a specific field of study - are able to do so because of the loans, or (ii) vice-versa, none of the student-borrowers would have gone to the university if the loans had been denied them. Another way of saying this is to say that each student-borrower must be considered as an "addition" to the existing student population.

These assumptions are clearly too extreme to be tenable and the truth must be somewhere in the middle. In assessing the responsiveness of students to ICETEX loans, one should consider at least two factors, namely, the importance of loans vis-a-vis other sources of finance and the size and structure of loans vis-a-vis the costs of studies. Obviously, the more important are loans within all available sources of financing and the closer they get to the actual costs of studies, the greater will be the responsiveness of students, and vice-versa.

The available evidence in this respect is shown in Table 12. ICETEX loans account for 62.4 percent and 56.5 percent of all finance available to public and private sector students respectively. In other words, they are a very substantial and probably the major source of finance for all students, but even more so for the former group than for the latter. It is actually hard to imagine how the loan recipients could have enrolled without loans, unless, of course, the sources of financing other than ICETEX are voluntarily under-reported in the loan applications.

In the public sector, the loans are most important for social science students (72 percent) and least important for students in humanities (44 percent). In the private sector, ICETEX loans account for 73.2 percent of all financing available to students in exact sciences[2] but for only 42 percent for students in humanities and education. Between these two extremes, however, there is no clear relationship between the degree of priority granted

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1/ The most recent data are available for the year 1968 only.

2/ They account for even higher proportions in the case of students in agriculture and middle-level technology; but the number of loans is so small in these two fields that no generalization is possible.

by ICETEX to each field of study and the relative importance of loans within all available finance. In other words, there is no firm evidence to conclude that students in priority areas have enrolled thanks to ICETEX loans to any greater extent than students in other areas.

When the average amount of loans by field of study is compared with the corresponding cost of studies, one can see that ICETEX loans will pay for 70 percent and 77 percent of total costs of studies in the public and private sector respectively.[1/] But there is little deviation from these averages across fields of study. There seems to be no attempt on the part of ICETEX to foot a larger part of the bill for some specialties than for others in such a way that loans would be a stronger determinant of university entrance in the first case than in the second. Such a policy would allow ICETEX to shift some funds away from nonpriority areas to priority areas and introduce more room for maneuvering in its lending policy. For instance, loans could be granted a major incentive power by being the single most important source of finance in the priority cases, but would only be considered as "complementary financing" in the non-priority cases.

ICETEX loans finance tuition costs nearly in full in the private sector but only 75 percent of them in the public sector. This may not be that important since the tuition fees charged by public universities are very small. About 70 percent of student expenditures on maintenance, books and graduation are paid for by ICETEX loans in the public sector as against only 51 percent in the private sector. Deviations from this pattern across fields of study are insignificant in the first case but quite substantial in the second one. The proportion of maintenance (and related) costs financed by a loan is 22.6 percent for medical students as against 62.4 percent for students in economics. Needless to say ICETEX loans are a stronger incentive in the second case than in the former, all the more so that tuition costs are, in both cases, financed nearly in full by the loans.

To sum up, ICETEX loans appear to have a major influence on the supply of highly educated manpower in Colombia as they are concentrated on a few fields of study. They seem to be an equally strong incentive in all fields of study as they are, most often, the single most important source of finance and cover a major part of the costs of studies. These conclusions should be considered with caution as they are based on costs and finance data drawn from loan application forms. As applicants expect this information to be used to grant or deny a loan, it may not accurately represent

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1/ The fact that, in the public sector, ICETEX loans are a more important source of finance and, at the same time, account for a lesser proportion of total costs than in the private sector, can be explained by greater "over-financing" (total finance superior to total costs) in the latter than in the former.

the real world. The possibility of a systematic upward (cost) or downward (finance) bias cannot be ignored. In this respect, ICETEX could greatly enhance the accuracy of its operations by working out its own, independent, student budget data and surveying more closely the amount and structure of financial help other than loans, usually available to the average student.

It also appears that, while ICETEX lending policies are very selective in the sense that more loans are granted to finance studies in priority areas than in other areas, little has been done to grade the incentive power of loans - i.e. their importance vis-a-vis other sources of finance and total costs of studies - in accordance with the degree of priority granted to each field of study.

V. THE GEOGRAPHICAL ALLOCATION OF ICETEX LOANS

ICETEX headquarters are and have always been located in the capital city of Bogota. During the recent years, local branches were opened in Medellin, Cali, Barranquilla and Bucaramanga. In addition, a number of small local offices are maintained in the universities themselves. A genuine effort has thus been made to avoid an over-concentration of ICETEX activities in Bogota and to bring the geographical allocation of loans more closely in line with that of the student body as a whole. According to some policy statements issued by ICETEX, the drive away from Bogota should be considered as an attempt to bring educational opportunities to those groups of students who are handicapped because of their place of residence.

1. The Distribution of Student Loans by Regions

The distribution of ICETEX loans across the fifteen Colombian regions having institutions of post-secondary education is shown in Table 13. The data, which refer to the 1969-71 period, illustrate two different features in public and private universities. In the public sector, the distribution of borrowers and of the total amount borrowed is very close to that of the student population. For instance, the share of Cundinamarca, which includes the capital city of Bogota, remains roughly constant with 31-33 percent of the total in the three distributions. The second largest regions in terms of enrollments, namely, Antioquia - with the city of Medellin - and Valle del Cauca (Cali) appear to be slightly discriminated against by ICETEX operations: they account for 29 percent of the student population but receive only 20.9 percent of the loans and 21.4 percent of the money borrowed. No clear pattern emerges in the other regions, some of which get a higher share in ICETEX funds than entitled to by their student population while others do the contrary.

The situation is totally different in the private sector. First, it is worth noting that the student population is heavily concentrated in the capital city of Bogota which accounts for 77.6 percent of the total and in the second (Medellin) and third (Cali) largest cities with 14.3 percent and 4.9 percent of the student body respectively. Ten regions out of fifteen having

institutions of higher education have no private universities. Second, ICETEX operations contribute to reenforce the weight of the capital city of Bogota as 88.3 percent of all borrwers study there. In all other departments, the proportion of borrowers is lower than their shares in the student population. Third, as a result of the size of loans granted to Cundinamarca students (they are bigger than elsewhere), the share of Cundinamarca (Bogota) in all borrowed funds climbs to 91.8 percent, while all other departments' shares decline accordingly. In addition to Bogota, only Antioquia (Medellin) manages to retain a significant portion (7.1 percent) of ICETEX funds which are thus concentrated on two regions only.

As a conclusion, one can say that the geographical distribution of ICETEX operations in the public sector, while not closely following the distribution of the student population, allows backward regions to get their share of ICETEX funds. On the contrary, such operations tend to reenforce the already predominant position of the capital city in private higher education.

2. Student Loans and the Geographical Mobility of the Recipients

School attendance, especially at the university level, is for many people an important reason to migrate as institutions of higher education are necessarily more geographically concentrated than potential students. Table 14 highlights three phases of this process of geographical concentration which takes place among loan recipients by showing the differences (i) between place of parents' residence at birth and at the time of application, (ii) between place of parents' residence and of applicants' residence, and (iii) between place of applicants' residence and of study. These migratory currents result in a net, steady, outflow of personnel in sixteen regions[1] out of twenty one, meaning by this that a varying proportion of people born in these regions went to live and study in other regions. In four regions[2], the proportion of loan recipients by place of study is roughly the same (or slightly higher in some cases) than by place of birth. Only one region, namely, Cundinamarca with the capital city of Bogota, benefits from a decisive inflow of personnel; less than a quarter of loan recipients were born there, but one third of parents' recipients already live there at the time of application. Finally, 44 percent of applicants happen to live in Cundinamarca, which is the place of study selected by more than half of all loan recipients.

To what extent ICETEX operations contribute to shape these migration patterns is hard to say. One thing is clear, however. ICETEX is only responsible for the differences between the place of

1/ Including six regions without higher education facilities.
2/ Antioquia, Bolivar, Caldas and Risaralda.

applicants' residence and the place of study and only to the extent that the granting of a loan has been a decisive factor in the decision to migrate. This is an issue on which no information is presently available. The preponderance of Bogota can be explained on one hand, by several factors some of which have little to do with ICETEX, such as the city's quasi-monopoly on private higher education or the desire to live in the capital city. However, one cannot help observing that this monopoly is reenforced by ICETEX which grants more loans and bigger loans to students willing to enroll in the private universities of Bogota.

The last column of Table 14 gives an idea of inter-city migration within the same region. On an average, about one loan recipient out of four has to migrate from one city to another as a result of his university studies. Because migration usually entails higher living costs which can be financed through ICETEX loans, it is probable that these loans are at least partly responsible for inter-city migration.1/

The foregoing considerations raise two fundamental issues about the geographical allocation of student loans. The first one has to do with the set of criteria used to allocate loans. There is a priori no reason why the distribution of loans should be similar to the distribution of the student population. ICETEX could choose to favor some regions at the expense of others and vice-versa depending on the policy objectives pursued by this institution. It could, for instance, diversify its operations geographically to provide educational opportunities to backward regions or, on the contrary, concentrate them on a few, well-established, university strongholds in order to promote quality and efficient use of scarce resources. The dilemma is a real one and ICETEX cannot face it properly without reference to its objectives as an institution. At the same time, and this is a second issue, the problem of university location and expansion goes far beyond ICETEX attributions. In the same way, the migratory currents of loan recipients are part of broader migration patterns which reflect the overall economic and social structure of the country itself. In this connection, the only way out for ICETEX is to determine a sphere of relative autonomy within which a number of explicit and limited objectives - related to the country's policies towards higher education at large - could be implemented.

VI. ICETEX LOANS AND EQUALITY OF EDUCATIONAL OPPORTUNITY

As from the beginning, the founding fathers of ICETEX expressed the hope that student loans could and should be used to achieve a more equitable distribution of educational opportunities at the higher education level. The idea was, and still is, to provide able students who cannot afford university education with the financial

1/ Once it has been shown that higher education facilities are available in both cities.

help which would enable them to continue their education. In practical terms, this means that ICETEX loans are to be awarded primarily to those students who fulfill the two conditions of being bright and lacking the resources required to pursue their studies. The purpose of this chapter is to assess to what extent ICETEX is indeed achieving this objective.

1. Student Loans and the Academic Ability of the Recipients

In order to make sure that loan recipients are among the brightest, ICETEX internal regulations require from applicants test scores not inferior to the national average of fifty. The tests, although not compulsory, are usually required for university admission and are, in fact, taken by about 80 percent of all high school graduates. They include aptitude tests for verbal ability, mathematical reasoning, spatial relations and abstract reasoning; achievement tests take the form of small examinations in social sciences, chemistry, physics and biology. As such, they are the only measure of academic ability so far available in Colombia. Test scores are distributed normally on a standard scale from zero (lowest score) to 100 (highest score).

The distribution of loan recipients according to academic ability is shown in Table 15. According to this distribution, less than 10 percent of loan recipients score 62 or less, while 77 percent of high school leavers are expected to do so. Conversely, between 77 and 80 percent of all loan recipients score between 68 and 85, while less than 4 percent of high school graduates are expected to do so. It is thus clear that the population of loan recipients includes relatively many more bright students than the high-school graduate population from which it is drawn. In no way may the former be considered as a cross section of the latter.

It is worth observing that loan recipients enrolled in private universities are somewhat abler than their counterparts in public universities. In both cases, however, there seems to be very few exceptions if any, to ICETEX eligibility criterion which states that test scores should not be inferior to the national average of fifty.

There is no clear relationship between the average size of loans and academic ability, though the loans granted to students in the private sector are, as usual, bigger than in the public sector. The structure of loans vary very little with ability though the sharp contrasts already observed between public and private universities are still with us (Table 16). More able students are not inclined to spend more on tuition or books - which could be interpreted as a tendency to seek the kind of advanced education compatible with their better ability - than do less able students.

1/ The tests are administered by the National Testing Service (Servicio Nacional de Pruebas) of the Colombian Institute for the Development of Higher Education (Instituto Colombiano para el Fomento de la Educacion Superior - ICFES).

2. Student Loans and the Socio-Economic Origin of the Recipients

Low-income students are expected to be the main beneficiaries of ICETEX lending operations. In order to achieve this goal, ICETEX regulations state that no loans will be granted to students whose yearly family income was in excess of about US$10,000 in 1971 for a family with two dependants.[1] As will be seen later, borrowers have, on an average, between 5 and 6 brothers and sisters; the typical family thus comprises between seven and eight dependants. A 10 percent extra income is tolerated for each additional dependant, which boosts the average total income ceilings to about US$13,000 a year,[2] that is about six times as much as the average family income in urban Colombia.

In order to assess the role of ICETEX in achieving more equality of educational opportunity, the social composition of the loan recipients' population must be compared with that of the student body at large. This is not an easy task in Colombia as very limited evidence is available on this subject. In Table 17a the income distribution of loan recipients is compared with that of high school leavers from which the student body at large and the borrowers' population are drawn.[3] First, it should be noted that, though the upper income group of the income distribution is open-ended, it is clear that there are very few exceptions, if any, to the income limit imposed by ICETEX. Second, the differences between the two distributions look surprisingly small. In other words, the social composition of the loan recipients' population is similar to that of the high school leavers' population. This finding is clearly disturbing since it implies that ICETEX loans are allocated to each income group proportionately to their importance in the total eligible population without any preference for low or middle level income groups. No redistribution of educational opportunities in favor of those groups is thus likely to take place, thanks to ICETEX loans.

This rather disappointing conclusion should not, however, be considered as the definite word on the subject for two reasons. First, the income data raised by ICFES might be of dubious quality as no justification of declared incomes is requested from school-leavers. Under-reporting is, therefore, likely to be high, thus leading to - perhaps seriously - underestimating the redistributive aspect of ICETEX lending operations. Second, ICFES data refer to high school leavers and not to the actual student body. In Colombia, the social composition of the latter population is probably more biased

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1/ Net earnings should not be in excess of 100,000 Pesos a year, i.e., about US$5,000 for a family with two dependants. In addition, the ceilings for net assets is put at 700,000 Pesos. A 15 percent rate-of-return on those assets will yield an additional yearly income of US$5,000. Applicants are requested to produce a copy of the head-of-family income tax returns for the previous fiscal year as proof of their declarations.

2/ About 260,000 Pesos.

3/ In the absence of any data on the social composition of the Colombian student body, ICFES data on high school leavers were used.

in favor of the privileged groups than that of the former as the stiff entry requirements set up in most Colombian universities may be more easily fulfilled by the upper income groups than by their less privileged counterparts. If this were the case, then ICETEX policies would lead to a redistribution of educational opportunities as the social composition of loan recipients would be less biased than that of the student body as a whole.

This conclusion borders on speculation, however, and opinions may differ on this point as long as a systematic survey of the social composition of the student body is not carried out. Perhaps ICETEX itself should take the initiative in such a survey as part of a self-evaluation program of its activities.

For obvious reasons, the impact of student loans on equality of opportunity can only be felt within the social composition of the eligible population, which may not represent a cross-section of the Colombian society at large. The beneficiaries of ICETEX loans may, to a certain extent, come from poor student families but those families are probably better off than most poor families since they managed to put their children through twelve years of secondary education, which is by no means a performance which can be afforded by everybody in the Colombian context. The extent to which ICETEX loans are actually fostering educational opportunities for the poor is bound to be all the more limited since the process of social selection which takes place during the first twelve years of schooling, is severe.1/

Table 17 seeks to compare the social composition of the Colombian active population with that of loan recipients. It shows that the "professional" class is more heavily represented among loan recipients than among the total or urban active population. Conversely, only 11.2 percent of loan recipients have a working class origin while manual workers account for 36 percent of the active population in urban areas. In the same way, farmers account for one-third of all active persons but only 11.5 percent of loan recipients come from farming families.2/

Furthermore, the data on average yearly income by occupational categories show that the fathers of loan recipients are, as an average, much better off than the average person in the occupational category to which they belong. Part of the difference should certainly be attributed to the fact that the data on occupational incomes in the active population refer to individual incomes3/ instead of family incomes for the fathers of loan

1/ This point is documented in "Public Expenditures and Income Distribution in Colombia", by Jean-Pierre Jallade, World Bank Occasional Paper No. 18, The John Hopkins Press, 1974.

2/ It is interesting to note that this proportion is only slightly superior to the proportion of farmers among the active population living in urban areas. It suggests that "urban farmers" are sufficiently well-off to send their children to universities and get advantage of ICETEX loans something which most "rural farmers" cannot afford to do.

3/ No data on family income by occupational groupings are presently available in Colombia.

recipients. But still, it is hard to believe that the additional incomes generated by other members of the family could result in family incomes comparable to those of loan recipients, especially in the case of manual workers and farmers.

Thus, in spite of ICETEX intentions, the population of loan recipients remains strongly biased in favor of the privileged groups when compared to the Colombian society. This is so partly, as we have seen, because its social composition is similar to that of high school leavers at large and partly because high school leavers are themselves an elite within the Colombian society. This suggests two sets of alternatives for ICETEX if this institution is to be more effective in bringing educational opportunities to the poor. First, the loans could be more clearly concentrated on low-income recipients, especially in private universities. Second, ICETEX intervention in the educational process should occur before the first year of higher education. Needy students should be helped financially at the secondary and even, in the case of the rural population, at the primary level if they are to have access to higher education. ICETEX is actually moving in this direction as it has been recently put in charge of the small fellowship program for high school students previously run by the Ministry of Education.

The distribution of loans according to family income in public universities is compared with the corresponding distribution in private universities in Table 18. In making such a comparison, one should bear in mind that private sector recipients are much better off than public sector recipients: average family income for the former group is 73,000 Pesos as against 39,000 Pesos for the latter.[1/] Furthermore, the distribution of income among private sector recipients is also much more unequal than among public sector recipients: the bottom two income groups account for 9.9 percent of income in the former as against 25.5 percent of income in the latter. At the other extreme, the top two income groups get 72.1 percent of all income in the private sector as against 45.8 percent in the public sector.

In the public sector, 63.9 percent of all loans and 62.3 percent of the funds go to students with a family income of 36,000 Pesos or less, as against only 39.1 percent and 35.6 percent respectively in the private sector. Conversely, high income students[2/] in the public sector receive 13.7 percent of all loans and 14.4 percent of the funds as against 34.7 percent and 39.5 percent in the private sector.

In the public sector, loans are, on an average, 30 percent smaller and families 10 percent bigger than in the private sector.

1/ See Table 19.
2/ Students coming from families earning 72,000 Pesos or more.

In both sectors, family size remains constant as income rises but the average size of loans to students in the private sector shows a sharper tendency to increase with the level of family income than in the public sector.

To sum up, ICETEX lending operations are far more sharply redistributive in the public sector than in the private sector. ICETEX funds going to public university students are more likely to reach poor students and are more equitably distributed than those going to private university students.

In addition to family income, father's occupation was also used to assess the socio-economic origin of loan recipients. Table 19 shows the distribution of loans according to six broad occupational categories, including a category "No Answer" which is numerically important because it comprises the numerous "Deceased Father". In both public and private universities, over one-third of loan recipients are sons or daughters of "Clerical and Sales Workers". For short, they have what can be called a "middle-class" origin. The "Professional, Managerial and Proprietors" group is somewhat more represented in the private than in the public sector: 19 percent as against 13 percent of loan recipients respectively. Conversely, the proportion of recipients with a "working class" origin[1] in public universities is nearly twice as high as in private universities: 13.6 as against 7 percent respectively.

The size of loans is not related to father's occupation in the public sector. As a result, the various social groups maintain their shares in the total amount borrowed. In the private sector, the share of the "Professional, Managerial and Proprietors" group climbs to 21 percent thanks to loans which are 11 percent bigger than the average loan in this sector.

The comparison of the distributions of loan recipients according to father's occupation between public and private universities may actually underestimate the differences between the two sectors if the huge differences in income within each occupational category are disregarded.[2] In the public sector, the family income of loan recipients with a working class father is less than half the corresponding family income in the private sector. The same thing holds true for loan recipients coming from farming families. In fact, surprisingly enough, the highest occupational group in the public sector which is the "Professional, Managerial and Proprietors" group earns about the same income as the lowest occupational group in the private sector, namely, "Manual Workers".

Does the structure of loans vary with the socio-economic origin of the recipients? One could a priori expect that poor students will devote a higher proportion of their loans to maintenance expenditures and/or that rich students will be inclined to select more

1/ Manual workers.
2/ See Table 19.

expensive education, thus spending more on tuition. Table 20 confirms this hypothesis to a large extent. In both the public and private sectors, loan recipients spend more on tuition and less on maintenance expenditures as family income increases. In private universities, loan recipients from the professional class devote 12 percent of their loan to maintenance expenditures as against 24 percent for loan recipients with a farming origin. Conversely, the latter spends 63 percent of their loans on tuition as against 82 percent for the former. In public universities, however, there is very little variation in the structure of loans according to father's occupation, probably because of the greater social homogeneity of the student body.

All in all, the ability of ICETEX to achieve more equality of educational opportunity is rather limited. The lending policies pursued in the public sector do contribute to finance educational opportunities for the poor but this trend is, to a large extent, offset by those, far less redistributive, pursued in the private sector.

3. Allocating Student Loans According to the Socio-Economic Origin and Academic Ability of the Recipients

The often stated objective of ICETEX, which is to grant loans to needy but bright students, may be frustrating in practice to the extent that superior academic ability is perhaps associated with favorable socio-economic background. If true, then loans which should be granted to bright students on ability grounds should be denied to them for economic reasons, and conversely, poor students who should be helped may not be bright enough to be eligible for loans.

Table 21 shows that these hypotheses do not hold true. In fact, loan recipients' academic ability appears to be remarkably independent from their family income. About 80-90 percent of recipients are concentrated in the 68-85 ability range at all levels of income in both public and private universities. The only exception to this rule is the above-average proportion (21.7 percent) of very rich, private university students (over 120,000 Pesos/year) concentrated in the highest ability range - beteeen 93 and 99. Apart from this, there seems to be enough bright students in each income group to permit the meaningful enforcement of ICETEX selection policies.

This conclusion should be slightly qualified with regard to the distribution of loan recipients by academic ability and father's occupation (Table 22). In public universities, the proportion of low ability (0 to 62) students increases from 15 percent in the professional group to 25 percent in the manual workers' groups. As a corrolary, the proportion of students in the middle-ability range (68 to 85) decreases from 73 percent in the fommer group to 60 percent in the latter. In other words, some kind of association between ability and social origin can be observed. This conclusion -

which does not hold in the case of private universities - should not be taken too far. ICETEX is, in fact, able to select plenty of bright students with a working class origin and the socially privileged recipients are not necessarily the brightest.

How far could ICETEX go in stiffening one eligibility criterion without impeding the enforcement of the other criterion is not clear. For instance, a selection policy aiming at selecting only the brightest student by raising the academic ability hurdle could result in a certain amount of discrimination against socio-economic groups with limited untapped reserves of ability: those groups would, of course, be the socially under-privileged groups to the extent that the tests already discriminate against them. Conversely, a policy emphasizing the selection of socially under-privileged students may imply a loosening of the ability test for the same reason.

In the absence of any data on reserves of ability by socio-economic groups in the student body, one can only speculate on this matter. Perhaps, it may be useful to recall at this stage that loan recipients represent only 10 percent of the student population and that the minimum ability required to be selected for a loan is an average of fifty on a set of tests designed for the entire high school leaver population which has already been socially screened during the first twelve years of schooling. It is thus highly probable that ICETEX has some room for manoeuvering here which would permit a stiffening of one eligibility criterion without hampering the enforcement of the other one.

4. Sources of Student Finance by Socio-Economic Origin

ICETEX loans are only one source of student finance used by students to complement other sources of finance such as family help, part time work and the like. This raises, it seems, two questions: First, are these loans actually indispensable to all recipients regardless of socio-economic origin? And, second, to what extent do students tend to substitute one source of finance - loans for instance - for others because of their socio-economic origin?

Table 23 presents the evidence for public universities. The average amount of finance available per student rises steadily with family income resulting in an average "over-financing" of about 10 percent, which is not a big margin given the uncertainty surrounding the a priori evaluation of expenditures and sources of finance. As the costs of studies do not, however, vary monotonically with income, over-financing is not clearly associated with family income.

The share of ICETEX loans in total student finance decreases steadily as income rises, while, surprisingly enough, the share of family help remains practically constant - around 20 percent of the total. Students tend to substitute wages, rather than family help, for loans as family income rises. The use of father's

occupation as a proxy for socio-economic origin instead of family income tends to confirm this financing pattern. For instance, in the case of loan recipients who are sons of manual workers, the share of ICETEX loans in total student finance amounts to 69 percent, that of family help to 22 percent while that of wages is negligible (0.2 percent), as against 59.4 percent, 21 percent and 12.7 percent respectively for the loan recipients coming from the professional group.

In spite of these variations, ICETEX loans remain, by far, the most important source of student finance at all levels of socio-economic origin. Even richer students do not seem to be in a position to substitute other sources of finance for loans easily. This being said, it is amazing that high income or socially privileged families do not contribute a higher percentage to student financing than low income or less privileged families. Perhaps they do so through helping students to get a job and earn wages. Certainly, this possibility of non-monetary family help, together with the provision of housing, food and clothing, cannot be overlooked. But still, one is left with the feeling that these families are a potential source of student finance which could be, to some extent, substituted for loans.

Student finance in <u>private</u> universities shows a number of distinctive features (Table 24). First, the average amount of finance available to loan recipients is more than 50 percent higher than in public universities. Second, it is not clearly associated with socio-economic origin. For instance, the amount of finance available to recipients coming from working class families is roughly similar to the amount available to students coming from the professional group. Third, "over-financing" reaches close to one-third of total costs and is widespread among all social groups.[1/] Fourth, the share of loans in total student finance is not clearly associated with social origin: it is highest for urban middle class students[2/] and smallest for working class students.[3/] Fifth, unlike in public universities, wages are a significant source of finance for low income, under-privileged students. For instance, they account for 29 percent of total finance available to loan recipients coming from working class families. Lastly, family help is, as expected,

1/ Over-financing is particularly high in the case of loan recipients with a working class origin. It is due to the lower costs of the studies selected by these students.
2/ Sons of "Clerical and Sales" workers.
3/ Sons of "Manual Workers".

clearly associated with socio-economic origin: it amounts to 26.5 percent for recipients coming from the professional group as against 15 percent for working class students. These last points illustrate the familiar pattern whereby rich students may rely on family help while poor students are obliged to supplement the financial help received from their families with part time work.

Should ICETEX loans to students enrolled in private universities be smaller because of general over-financing? The answer, it seems, should be positive given the fact that low-income, under-privileged, students would not be hurt by such a move. Perhaps the reduction should also be bigger for upper class students who could thus be inclined to seek part time work than for working class students.

To sum up, the analysis of the patterns of finance available to Colombian students according to their socio-economic origin suggests some alterations to ICETEX lending policies. For instance, family help could, to some extent, be substituted for loans among the high-income, socially privileged, students enrolled in public universities. In the same way, part time work could be encouraged and over-financing discouraged among well off private sector students. In both cases, this would allow ICETEX to shift some additional resources to less privileged students. Such a move would be consistent with the financial constraints within which this institution is working as well as with its emphasis on the problem of equality of educational opportunity.

VII. STUDENT LOANS AND THE INTERNAL EFFICIENCY OF THE EDUCATION SYSTEM

Student loans are often expected to contribute to increase the internal efficiency of the educational system by lowering the drop-out and repeat rates among students. Common sense indicates that they may do so provided that they are granted selectively and that they are big enough to be considered by students as an incentive to work harder. From the public policy viewpoint, this side-effect of student loans is important as it may help to keep down the total public outlays per graduate by decreasing the average number of years spent by students in the education system.

To what extent is this the case of ICETEX loans? Both their size and the importance granted to the ability criterion in the selection process should make them a useful policy tool to promote efficiency. It is difficult, however, to pinpoint the actual influence of ICETEX loans on the efficiency of the recipients in pursuing their studies in the absence of data on the efficiency of the Colombian higher education system as a whole. Even if there were such data, their usefulness for the sake of comparison would be limited because the population of loan recipients is not supposed to represent a cross-section of the student body. Both populations

differ on various grounds: sex, type and place of study, socio-economic origin, academic ability, etc. Any comparison aiming at assessing the impact of loans on efficiency should attempt first to control for these parameters. To take a single and pretty obvious example, it is of little use to know that repeat rates of loan recipients are lower than those of the student body if the loans are granted - at least partially - on ability grounds because there is no way of determining whether the above average performance of loan recipients is due to the loans as incentives to work harder or simply to their above average ability.

No attempt has been made in this paper to design a control group with the same characteristics as the loan recipients population for comparison purposes. The evidence on repeat rates, based on a cohort of loan recipients followed over the 1969-72 period is presented in Table 25. The overall repeat rate over a four-year period for the whole population of loan recipients is 15 percent, which is, by all standards, rather low. Loan recipients in private universities fare distinctively better than their counterparts in public universities: 9 percent as against 18 percent. Unfortunately, there is no way of checking if this also holds true for the two student bodies as a whole. Surprisingly, students coming from low-income, working class families repeat less than their more privileged colleagues. Middle class recipients, 20 percent of which are repeaters, exhibit the worst performance in this respect. There is a close and inverse correlation between ability and repeat rates: the least able recipients repeat five times as much as the most able students.

The fact that the lowest repeat rates are found among low-income, very able, students cannot be explained by the concentration of the able among the poor as we have seen in the preceding chapter. It may, rather, imply that ICETEX loans are a stronger incentive to work for poor than for rich students. In that sense, the loan scheme might result in some savings of public money. This being said, the poor performance of the numerically important group of middle class students should draw the attention of ICETEX authorities.

VIII. STUDENTS' ATTITUDES TOWARDS ICETEX LOANS

The issue of students' attitudes towards loans is often disregarded both in literature and in practice. This is a pity because the question of attitudes is of crucial importance in the final evaluation of a loan scheme. It is one thing to propose a loan scheme for a given target group; to have individuals in these groups actually take advantage of the loans is quite another matter. The gap between theory and practice may be substantial here. After all, the benefits from enrolling into a university thanks to a loan, have to be weighed against the burden of incurring long-term debts right at the beginning of one's lifetime. For most students, the decision will be surrounded by many uncertainties - uncertainties about the actual costs of studies, about graduation, about getting a job to repay the loan - to name only a few. Under those conditions, it is highly probable that attitudes will play a major role in the student's decision to borrow. For the public policy maker, a wrong - too optimistic in most cases - assessment of students' willingness to borrow may cause the whole scheme to go astray and miss the target group aimed at.[1/] Furthermore, in a country like Colombia, students' attitudes towards loans can hardly be separated from the more general problem of attitudes towards higher education, family lifestyles, employment after graduation and the like.

In the absence of an ad hoc survey of students' attitudes towards loans, it is difficult to document this issue properly. Some scattered evidence, gathered by the National Testing Service of ICFES, exists however. It is presented in Table 26 which seeks to assess the influence of family income on students' attitudes towards higher education, higher education finance and student loans.

The first observation to make is that family income has no influence whatsoever on the willingness of high school leavers to undertake university studies. This willingness is virtually absolute for both men and women. In other words, once a student reaches the last grade of high school, there is only one desired course: to go to a university. The idea of dropping out at this stage simply does not exist.[2/]

1/ The above discussion already presumes that there is no "information gap", namely, that all potentially eligible students know about the existence of the loan system. This condition is probably fulfilled in Colombia as ICETEX documents are mailed to high school leavers together with ICFES invitations to sit for the tests which are required for university admission anyhow.

2/ This does not mean that there will be no drop-outs as most Colombian universities enforce stiff entry requirements to adjust the demand for places to the available capacity.

Reliance on family help to meet expected expenditures is widespread as seven students out of ten mention it as their main source of finance; it also increases drastically as family income increases: less than half of poor students intend to rely on family help as against 80-90 percent of rich students. Only 12 percent of school leavers expect to finance their studies mainly through loans; this proportion is highest (22 percent) for the bottom income group and close to negligible for the top two income groups. A similar pattern emerges for wages.

The willingness to apply for an ICETEX loan is closely and inversely related to income as 60 percent of male high-school leavers in the bottom income group are potential applicants as against 24 percent in the top income group. The same pattern holds true for female school leavers whose willingness to apply for loans is, on an average, always lower than that of males: 38.5 percent as against 48.1 percent. This can probably be explained by the fact that working after graduation and getting an adequate job to secure repayment of loans is surrounded by more uncertainty among women than among men. The discrepancy between these findings which imply an acute awareness about the usefulness of loans as well as a high willingness to borrow, especially among low income groups, and the previous ones about the rather restricted importance of ICETEX loans as the main source of finance, is only apparent. It simply reflects the complementary character of such a source of finance in the minds of students who, as we have seen, show a persistent tendency to rely largely on family help.

While students from low-income groups show a stronger willingness to borrow than their more privileged counterparts, one must observe that they tend to request smaller loans. For both men and women, the average size of loans requested increases with family income. For males, the average loan requested by students in the top income group is 43 percent higher than that requested by students in the bottom income group; for females, it is 57 percent higher.

Loans requested by females are, on an average, about 12 percent lower than those requested by males: 6050 Pesos as against 7000 Pesos. When this finding is viewed in connection with their lower propensity to borrow already recorded, one must conclude that sex is an important factor in the shaping of students' attitudes towards loans and that women are, to a certain extent, discriminated against by a loan system. Unfortunately, there is little that ICETEX can do to increase the willingness of women to borrow except, perhaps, providing them with more information and lower interest rates to alleviate repayments. While the former cannot do any harm, the effectiveness of the latter is doubtful insofar as attitudes are only partially responsive to strictly economic incentives.

This being said, ICETEX can do a lot to correct the discrimination in the size of loan resulting from both sex and low family income by actually granting to those groups who request little

a higher proportion of the money requested than the proportion granted to the privileged groups who request more. This is exactly what ICETEX is, to a limited extent, doing for women. As Table 26 shows, women receive 83.1 percent of the money requested as against 77.9 percent for men. The difference is not big enough, however, to offset the difference in the amount requested. If women were to be granted the same loans as men, they should, on an average, receive 90 percent of the money requested. On the other hand, no corrective policies appear to be implemented by ICETEX in order to make up for the propensity of low-income groups to request smaller loans than high income groups as roughly the same proportions of the money requested are actually granted at all income levels.

To sum up, the attitudes of Colombian students towards the loan scheme operated by ICETEX cannot be held responsible for any major social discrimination in the running of the scheme as both the expectations and attitudes of low-income students towards borrowing are just as high and even higher than those of their more privileged counterparts. ICETEX should, however, be aware of the tendency of both poor students and female students to request smaller loans than do rich or male students. The resulting discrimination could easily be removed by granting a slightly preferential treatment to the loan requests coming from these groups.

IX. STUDENT LOANS IN COLOMBIA: A SUMMARY

In the preceding chapters, an attempt was made to assess the performance of the student loan scheme operated by ICETEX in Colombia. This was done by discussing the extent to which ICETEX lending operations have actually contributed to implement the objectives set forth by policy-makers for this institution. As usual, in this sort of exercise, the emerging picture is a mixed one on which a definite stand is hard to come by for various reasons. First, the objectives are not defined in a precise, measurable manner. As such, they are subject to a certain amount of, possibly questionable, interpretation by the analyst. Second, the lack of a control group which, in this case, can only be the Colombian student body at large, introduced a speculative element in the inferences drawn from the results of the analysis. And third, the sheer complexity of the daily operations of the loan scheme itself requires a certain amount of simplification which is difficult to achieve without distorting the overall picture. In spite of all these shortcomings, however, a number of solid points concerning each of the three main objectives of ICETEX have emerged from the analysis. They are summarized below.

In connection with the role of ICETEX in the financing of higher education in Colombia, the hard facts are, first, that ICETEX loans are heavily subsidized through low interest rates; as a consequence, there is little chance that the loan scheme run by ICETEX could ever become a revolving scheme, that is, a scheme by which present loans could be wholly financed out of student repayments of past loans. The steps recently taken by the Board of ICETEX to

raise the interest rate on loans will certainly improve the situation in this respect. This will not be enough, however, as ICETEX lending program must expand to keep abreast with expanding enrollments in higher education.

The second hard fact is that the loans cannot be considered as a source of finance for public universities simply because these universities do not charge (significant) tuition fees which could be financed through loans; they are, however, a small source of finance for private universities as they are used for financing the tuition fees charged to the students. The limited importance of ICETEX loans for the financing of Colombian universities is due to the fact that the tuition fees which could be financed through loans, account for only a small proportion of university finance. When the loan scheme was launched, very little, if anything, was done to alter the pattern of financing of Colombian universities with a view to increasing the role of fees in the overall finance picture. This would have implied an increase in the tuition fees charged to students, a step that educational authorities found politically impossible to take in the Colombian context. The upshot of all this is that the loan scheme run by ICETEX in Colombia can hardly be considered as a tool to shift the burden of higher education away from taxpayers to students but, rather, as a cheaper way to channel additional funds[1/] to private universities and public sector students than would be the case with a system of outright grants.

In the absence of any reform of university finance, it is hard to see how ICETEX performance could be improved in this area. Moreover, the present state of affairs according to which private universities get more out of the (subsidized) loan scheme than public universities appears to be a consequence which was not intended by the founding fathers of ICETEX. Another characteristic of the present situation is that private sector students use the loans to purchase education while public sector students simply live on them. To the extent that such dichotomy also reflects the existing social stratification according to which the former group is, economically, better off than the latter, it is hardly a healthy situation and was certainly not expected by ICETEX founders.

The influence of ICETEX loans on the <u>supply of educated manpower</u> is two-fold: First, subsidized loans contribute to increase the overall demand for education by making it cheaper for individuals to purchase it. Second, by concentrating loans on such fields of study as engineering, medical sciences, agricultural and business administration, ICETEX has a clear impact on the <u>structure</u> of the educated manpower.

This being said, ICETEX lending policies may be even more selective by increasing the "incentive power" of loans. Why, for instance, finance the same proportion of costs in all fields of study? The various fields of study could, for instance, be classified into primary, medium and low priority with the loans financing a decreasing

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1/ As assessed by the grant element attached to each loan.

proportion of total costs. Such a classification would clarify: (a) which recipients can actually be considered as "additions" to the non-recipient student body and (b) which recipients would have enrolled even without loans.

The emphasis on the above-mentioned fields of study has changed very little over the period and no systematic reassessment of the manpower needs of the economy seems to be underway. Perhaps ICETEX could also envisage, in addition to the setting of new manpower priorities, an extension of its contribution to manpower policies in Colombia by granting some kind of preferential terms of repayment to these loan recipients who actually enter an occupation related to their training or who accept to work in the priority areas - such as rural areas - as defined by the employment policies of the government.

ICETEX's ability to increase educational opportunities is evidenced by the fact that the overall distribution of loan recipients according to family income is very similar to that of high school leavers and, probably, more equitable than that of the student body itself. Two groups of students - namely, women and first or second year students - benefit less from ICETEX operations than entitled to by their numerical importance in the student body. The redistributive impact of ICETEX lending policies is, moreover, entirely due to the lending operations in the public sector. In the prive sector they sometimes seem to be counter-productive, as they emphasize bigger loans to socially privileged students who study in the universities located in the capital city of Bogota and who tend to select prestigious fields of study such as business administration at the expense of others, such as agriculture.

All in all, the student loan scheme run by ICETEX shows a rather limited ability to bring educational opportunities to those who lack them. The ways and means to sharpen the redistributive impact of this loan scheme without going beyond ICETEX's traditional field of activity, which consists in lending money to university students, do exist however. Some of them are listed below:

- to lower (or alter)[1/] the income criterion for eligibility;
- to give a preferential treatment to requests for study outside big cities;
- to gear the size of loans more closely towards the needs of applicants and less towards the price (tuition) of education;
- to take a close look at all the alternative sources of finance available to applicants;
- to relate the interest rates of loans to the means of applicants.

1/ In this connection, the use of the information on family assets made by ICETEX authorities in granting or denying loans is not clear.

As ICETEX responsibilities are presently being enlarged so as to include the responsibility for the management of scholarships to high school students, this institution is put in a position to exert a decisive influence on the distribution of educational opportunities among the Colombian population. Given the level of educational development of Colombia, subsidizing the poor throughout secondary education is probably a necessary step if one is to have, at the level of university entrance, a student body whose social composition roughly resembles that of the Colombian (urban) population at large. There is, thus, little doubt that a scholarship program at the high school level could, if properly designed, enhance the ability of ICETEX's lending program for higher education to redistribute educational opportunities for the benefit of those who lack them.

Whatever policy course ICETEX selects in the future, it is fair to say that this institution has so far suffered from a severe "information gap" which makes the on-going self-evaluation of its activities a difficult and time-consuming task. This gap takes at least three aspects.

First, too little is known about the Colombian student body at large. Although ICETEX cannot pretend to substitute for the relevant authorities in gatnering data on post-secondary education, its needs are specific enough to justify some sort of survey of the student body with special emphasis on the socio-economic origin of students and the sources of finance available to them. As was mentioned repeatedly throughout this report, such information would be extremely valuable in many respects and, above all, in assessing the influence of ICETEX on the distribution of educational opportunities.

Second, the lack of knowledge about student budgets is also conspicuous. In the absence of any independent data about students expenditures, ICETEX has to rely on applicants' declarations in order to determine the size of a loan. This is hardly a satisfactory situation. The raising - possibly with student's cooperation - of some objective and accurate information about students' needs would clearly be of great help not only to ICETEX but also to the students themselves.

Third, the country's priorities in terms of skilled manpower needs have been set forth long ago and need some up-dating. This may provide ICETEX with an opportunity to go beyond the straightforward reliance on traditional manpower forecasts. What is at stake is not only the ability of ICETEX loans to increase enrollments in a given field of study but also students' propensity to actually enter occupations related with their training. In other words, ICETEX should start worrying about what happens to students after graduation and, above all, during the transition period from study to work. A follow-up analysis of loan recipients during this period aiming at

taking the pulse of the labor market for the various types of graduates would yield the type of information which, once fed back into ICETEX' selection procedures, would help to arrive at a better match between the supply of skilled manpower and available job opportunities.

X. STUDENT LOANS: LESSONS FROM THE COLOMBIAN EXPERIENCE

The lessons to be drawn from the ICETEX experience with student loans go, it seems, far beyond Colombia. Among other things, this experience gives some clues as to whether or not countries with a level of economic and educational development similar to that of Colombia should embark on student loans. In this connection, the analysis presented in this paper has shown that at least three conditions must be met if this question is to be answered positively. The first condition is to consider student loans for what they actually are, i.e., a policy tool to achieve such educational objectives as altering (i) the size and structure of the supply of educated manpower, (ii) the social composition of the student body, and (iii) the amount and the origin of funds devoted to education. If any of these alterations are actually needed in a given country, then loans can be envisaged. The second condition refers to the need for carefully appraising the existing situation in terms of educational opportunities, financial arrangements to meet the cost of education, relationship between the supply of manpower and the labor market. Lastly, it is necessary to weigh the ability of a loan system versus other student aid policies to achieve the expected objectives. These three points will now be reviewed in turn.

(i) Student loans as a multi-purpose policy tool

The definition of policy objectives to justify student loans or, for that matter, student aid policies in general, is a step which is too often overlooked by policy-makers. This absence of goals is, to a large extent, responsible for the frustration surrounding debates centering on the question of "student loans or not student loans". Not only are broad policy objectives to be agreed upon first, but they also condition the type of loan scheme to be implemented. In this respect, the rich experience of Colombia shows that there is no rigid, universal relationship between the objectives sought for and student loans per se. Whether a set of objectives will be achieved or not depends entirely on the particular characteristics of the loan scheme under consideration. To put it otherwise, there are nearly as many types of student loans as objectives considered. For instance, if equity is considered as one important goal of the scheme such as in the case of Colombia, some regulations restricting eligibility to low income students must be included in the scheme. If this is not the case, as in Sweden where the main goal is to shift the burden of education costs from

parents to students, then loans must be available to all. It is thus indispensable to define the objectives of the loan scheme in a coherent manner since they command everything else.

In the field of education, policy-makers and planners are often pursuing different, conflicting, goals at the same time. The temptation to use a new policy tool such as student loans to achieve everything at the same time is always present. The present paper has shown that the student loan scheme run by ICETEX is no exception to this rule. Examples of conflicting goals abound. For instance, if ICETEX loans are to become a more important source of university finance than they are now, emphasis should be put on loans to students enrolled in private universities. Such a policy would jeopardize, however, efforts to achieve a more equitable distribution of educational opportunities as private universities tend to enroll socially privileged students. It may also counter the attempts to provide the economy with such needed manpower as agricultural graduates who are trained exclusively in public universities.

The objective of providing the economy with an adequate supply of educated manpower may also, in some cases, run against equity. For instance, the low manpower priority granted to teaching is detrimental to such educationally under-privileged groups as female students who have a high propensity to select this field of study. Another possible conflict, not documented in the present paper, between the provision of adequate manpower and the search for equity may arise over the quality of education: efficiency calls for exclusive reliance on the long established, high-quality, educational centers of big cities while equity requires, on the contrary, a geographical diversification of educational facilities.

In a more general way, the fields of study required by the economy on efficiency grounds may not coincide with the students' socio-economic backgrounds desirable for equity purposes.1/ Business administration, for instance, may be a priority area for the economy. From the equity viewpoint, it is less desirable as this field of study is often

1/ No cross-classification of the various fields of study according to the students' socio-economic backgrounds has been presented in this paper due to the small size of the ICETEX sample.

selected by socially privileged students. Although the real world is a world of compromise, especially between the two broad criteria of equity and efficiency, it is nevertheless important to be aware of possible conflicts of objectives and, also, to work out an appropriate order of priorities between them.

(ii) Assessing the "pre-loans" situation

The best conceived student loan schemes may prove to be a failure if they are operated in an inappropriate context. In this respect, the Colombian experience gives a number of useful clues. It shows, for instance, that the ability of student loans to become a non-negligible source of university revenue depnds on the structure of university finance and, more specifically, on the importance of fees in total revenue. What is - and should be - the importance of fees? An agreement on this question, clearly, commands future success or failure of the scheme.

Student loan schemes pretend to alter the supply of educated manpower by lowering the costs of a few selected fields of study. This goal will be achieved provided that, in the process of selecting a field of study, low costs are an incentive strong enough to overcome personal tastes, traditions or parental authority. This may not be the case everywhere and needs to be carefully investigated before launching the loan scheme.

In some countries, loan schemes are advocated to dampen the demand for education. Loans may do this if they replace a system of grants or are used for financing increasing fees. In both cases, they contribute, in the long run, to shift the burden of educational costs from taxpayers to consumers through increased prices. The extent to which the demand will abate as a result of this action depends partly on the prevailing price elasticities of the demand for education.

The performance of a loan scheme vis-a-vis the equity issue is largely conditioned by the degree of equality of educational opportunity achieved in the level of education preceding the level financed by the scheme. To put it bluntly, student loans may contribute to "democratize" higher education only if secondary education has been "democratized" before. Whenever some form of educational equity is contemplated

as an objective, an overall assessment of the process of social selection going on in the education system is required in order to select the appropriate level of education where the scheme should operate.

(iii) Weighing student loans as against other student aid policies

The present report has shown that ICETEX loans are subsidized through below-the-market interest rates. Such subsidization, which amounts to adjoining a grant element to each loan, is current practice all over the world although the extent of the subsidy varies according to the country under consideration. The mixture of grants and loans leads naturally to enquire about the ability of other types of student aid to achieve the objectives assigned in the present study to student loans. There is no lack of experiment with schemes of outright grants, tax exemption measures or voucher systems. All these schemes may, if appropriately designed, affect the supply of educated manpower, alter the social composition of the student body and transfer the burden of educational costs from one group to another. One may even imagine non-financial incentives - such as to guarantee a job after graduation to selected groups of students - which would have pretty much the same effect.

As indentical objectives may be fulfilled by different student aid policies, the problem of selecting the most cost-effective one boils down to a discussion of their respective ability to achieve these objectives. Such a discussion can only take place in reference to a particular situation at a particular point in time. Although generalizing can be dangerous in such a new area of education, it seems that the future of student loans of the Colombian type is restricted to those types of education with high opportunity costs such as university or adult education. Although no experiments have ever been undertaken to finance adult education on a large scale, the characteristics of this type of education - short duration, high opportunity costs, strong expected impact on subsequent earnings, recipients' ability to provide financial guarantee - appear to be well adapted to student loan schemes.

Table 1

Volume and Structure of Loans to Students, by Sex

Percentages unless specified otherwise

	1969			1970			1971			1969 - 71		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of loans	81.7	18.3	100.0	83.6	16.4	100.0	83.5	16.5	100.0	83.1	16.9	100.0
Total amount borrowed	83.0	17.0	100.0	85.4	14.6	100.0	84.8	15.2	100.0	84.6	15.4	100.0
Average amount of loan (Pesos)	5400	4900	5300	5300	4600	5200	6000	5500	5900	5540	4950	5440
Maintenance costs	54.1	37.7	51.4	55.1	39.2	52.8	53.8	34.3	50.8	54.5	37.2	51.8
Tuition	33.1	53.9	36.6	30.8	49.7	33.5	32.2	57.2	36.0	31.8	53.3	35.1
Books	10.4	7.7	9.9	10.8	9.4	10.6	10.6	7.3	10.1	10.6	8.2	10.3
Graduation	2.4	0.7	2.1	3.3	1.7	3.1	3.4	1.2	3.1	3.1	1.3	2.8

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 2

Volume and Structure of Loans to Students, by Civil Status

Percentages unless specified otherwise

	1969			1970			1971			1969 - 71		
	Single	Married	Total	Single	Married	Total	Single	Married	Total	Single	Married	Total
Number of loans	89.5	10.5	100.0	89.3	10.7	100.0	88.5	11.5	100.0	89.1	10.9	100.0
Total amount borrowed	85.8	14.2	100.0	86.0	14.0	100.0	83.3	16.7	100.0	85.0	15.0	100.0
Average amount of loan (Pesos)	5090	7160	5300	4970	6820	5100	5590	8570	5930	5190	7475	5420
Maintenance costs	50.0	59.8	55.6	50.7	65.4	59.1	48.3	63.7	57.5	49.7	63.6	57.7
Tuition	37.2	32.6	34.6	35.3	23.0	28.2	38.1	25.4	30.4	36.7	26.1	30.5
Books	10.5	6.4	8.1	11.0	8.0	9.3	10.7	7.3	8.7	10.8	7.3	8.8
Graduation	2.3	1.2	1.7	3.0	3.6	3.4	2.9	3.6	3.4	2.8	3.0	3.0

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 3

Volume and Structure of Loans to Students, by Age

Percentages unless specified otherwise

Age Group	Number of Loans	Total Amount Borrowed	Average Amount of Loan (Pesos)	Maintenance Costs	Tuition	Books	Graduation
1969							
21 and Under	29.2	25.7	4660	39.3	51.8	8.9	.0
22-23	29.2	27.4	4950	51.7	35.1	11.4	1.8
24-25	19.1	20.1	5580	49.7	36.7	10.1	3.5
26 and Over	22.4	26.9	6390	63.8	23.6	9.2	3.4
Total	100.0	100.0	5310	52.0	35.7	9.9	2.4
1970							
21 and Under	25.6	22.3	4510	36.8	54.5	8.4	0.3
22-23	27.8	26.3	4900	53.6	31.9	12.4	2.1
24-25	22.8	23.1	5240	54.9	27.9	12.3	4.9
26 and Over	23.7	28.2	6160	63.1	23.0	9.3	4.6
Total	100.0	100.0	5180	52.9	33.2	10.6	3.3
1971							
21 and Under	21.2	19.4	5420	33.1	58.6	8.2	0.1
22-23	30.2	26.9	5280	50.1	36.5	11.2	2.2
24-25	24.0	23.1	5710	52.9	29.7	13.0	4.4
26 and Over	24.6	30.6	7380	61.2	26.1	8.1	4.6
Total	100.0	100.0	5930	50.2	36.7	10.0	3.1
1969-71							
21 and Under	25.2	22.2	4790	36.4	54.9	8.5	0.2
22-23	28.9	26.8	5040	51.9	34.3	11.7	2.1
24-25	22.2	22.3	5470	53.0	30.5	12.1	4.4
26 and Over	23.7	28.7	6610	62.4	24.3	8.9	4.4
Total	100.0	100.0	5440	51.9	34.8	10.3	3.0

Figures may not add due to rounding. Source: 15 percent sample of loan application forms.

Table 4

Volume and Structure of Loans to Students, by Year of Study

Percentages unless specified otherwise

Year of Study	First	Second	Third	Fourth	Fifth	Sixth or More	Postgraduate	Total
Number of Loans								
1969	21.0	17.0	20.0	20.3	17.1	1.5	3.1	100.0
1970	8.0	20.6	22.1	21.2	20.7	4.4	3.0	100.0
1971	4.0	13.0	28.8	22.4	23.4	4.9	3.5	100.0
1969 - 71	10.1	17.3	23.7	21.3	20.6	3.8	3.2	100.0
Average Amount of Loans								
1969 (Pesos)	4440	4480	4570	5240	6460	5200	12660	5240
1970 (Pesos)	3940	4400	4540	5120	5880	5240	13570	5170
1971 (Pesos)	4820	5140	5240	5540	6110	6050	17370	5940
1969 - 71 (Pesos)	4310	4590	4810	5290	6080	5560	14620	5420
Total Amount Borrowed								
1969	17.7	14.5	17.4	20.3	21.0	1.5	7.4	100.0
1970	6.1	17.5	19.4	21.0	23.6	4.5	8.0	100.0
1971	3.2	11.2	25.4	20.9	24.1	4.9	10.1	100.0
1969 - 71	8.0	14.7	21.0	20.8	23.1	3.9	8.5	100.0
Maintenance Costs								
1969	33.6	44.3	57.4	59.2	53.7	60.3	79.7	
1970	29.0	40.0	51.8	60.3	52.5	45.5	82.5	
1971	43.7	36.5	45.4	52.3	49.6	45.1	80.7	
1969 - 71	33.5	40.1	50.4	57.3	51.8	50.4	81.2	
Tuition								
1969	59.5	46.2	29.2	28.0	26.7	23.7	15.8	
1970	64.8	50.7	36.4	25.1	25.8	21.9	13.7	
1971	47.5	56.6	44.1	34.9	28.4	31.5	16.7	
1969 - 71	59.6	51.1	38.1	29.1	26.9	24.1	15.3	
Books								
1969	6.9	9.5	12.9	12.2	11.6	9.1	2.8	
1970	6.0	9.2	11.4	13.6	12.2	20.1	1.7	
1971	8.8	6.9	9.8	11.9	13.5	15.1	1.9	
1969 - 71	6.8	8.7	11.1	12.7	12.5	15.6	2.0	
Graduation								
1969	.0	.0	0.5	0.6	8.0	6.9	1.7	
1970	.1	.0	0.4	1.0	9.5	12.5	2.1	
1971	.0	.0	0.6	0.9	8.6	8.3	0.7	
1969 - 71	.0	.0	0.5	0.9	8.8	9.9	1.4	

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 5

Volume and Structure of Loans to Students, by Status

Percentages unless specified otherwise

Status of Students	Daytime	Night	Full-Time	Part-time	Total
Number of Loans					
1969	23.5	6.9	2.0	67.6	100.0
1970	19.9	6.2	1.4	72.6	100.0
1971	14.5	6.1	1.5	78.9	100.0
1969 - 71	19.1	6.0	1.5	73.3	100.0
Average Amount of Loans					
1969 (Pesos)	5590	4860	9400	5430	5500
1970 (Pesos)	5650	3590	5920	5180	5190
1971 (Pesos)	5870	4210	5770	6010	5890
1969 - 71 (Pesos)	4680	4130	7010	5520	5490
Total Amount Borrowed					
1969	23.8	6.1	3.3	66.8	100.0
1970	21.7	4.3	1.5	72.5	100.0
1971	14.4	3.7	1.4	80.5	100.0
1969 - 71	19.8	4.5	2.0	73.7	100.0
Maintenance Costs					
1969	46.0	8.3	13.3	54.6	
1970	47.3	12.8	48.5	57.0	
1971	48.8	8.3	27.1	53.2	
1969 - 71	47.3	10.0	27.8	55.0	
Tuition					
1969	40.6	81.1	81.5	33.9	
1970	38.3	76.2	34.3	29.2	
1971	36.3	73.4	52.0	33.7	
1969 - 71	38.6	77.2	59.3	31.9	
Books					
1969	10.4	8.0	2.3	9.6	
1970	11.0	7.5	7.5	10.6	
1971	11.9	7.6	6.3	9.9	
1969 - 71	11.0	7.7	4.9	10.1	
Graduation					
1969	3.0	2.6	2.9	2.0	
1970	3.4	3.5	9.8	3.1	
1971	2.9	10.6	14.5	3.2	
1969 - 71	3.1	5.1	7.9	2.9	

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 6

Loan Recipients, by Number of Applications

	First	Second	Third	Fourth	Fifth or More	Undeclared	Total
1969	62.9	19.9	7.1	2.5	2.8	4.8	100.0
Men	61.7	20.5	7.3	2.3	3.0	5.2	100.0
Women	68.2	17.1	5.9	4.1	1.8	2.9	100.0
1970	16.4	54.4	14.8	4.8	3.3	6.3	100.0
Men	16.4	53.4	14.9	5.0	3.3	7.0	100.0
Women	16.7	59.6	13.8	3.6	3.3	2.9	100.0
1971	12.3	19.8	47.1	10.5	4.8	5.5	100.0
Men	11.9	20.2	47.2	10.7	5.0	5.0	100.0
Women	14.1	17.6	46.7	9.5	4.0	8.0	100.0

Source: 15 percent sample of loan application forms.

Table 7

Volume and Structure of Loans by Beneficiaries

	Men	Women	Total
Number of first loans in 1969	1000	1000	1000
Average amount of loan (Pesos)	5400	4910	5310
Number of first renewals in 1970 as a proportion of first loans in 1969	66.7	63.7	66.1
Average amount of loan (Pesos)	5490	4720	5360
Number of second renewals in 1971 as a proportion of first loans in 1969	40.1	35.2	39.2
Average amount of loan (Pesos)	5900	5680	5870
Number of third renewals in 1972 as a proportion of first loans in 1969	15.3	13.7	15.0
Average amount of loan (Pesos)	6480	5610	6340
Number of loans per student of the cohort over the 1969-72 period	2.2	2.1	2.2
Total amount of money borrowed by fourth time borrowers	23270	20920	22880
Total amount of money borrowed by each student of the cohort	12420	10680	12100
Maintenance costs (%)	55.2	37.4	52.4
Tuition (%)	30.5	52.8	34.2
Books (%)	10.9	8.6	10.3
Graduation (%)	3.4	1.2	3.1

Source: 15 percent sample of loan application forms.

Table 8

Volume and Structure of Loans, by Type of University

	Number of Loans (%)	Total Amount Borrowed (%)	Average Amount of Loan (Pesos)	Tuition (%)	Maintenance Costs (%)	Books (%)	Graduation (%)
1969:							
Public universities	62.2	53.1	4,360	6.0	76.4	14.2	3.4
Private universities	37.8	46.9	6,320	70.2	22.4	6.4	1.0
1970:							
Public universities	65.3	57.4	4,470	6.5	74.6	15.1	3.8
Private universities	34.7	42.6	6,230	72.6	19.6	5.5	2.3
1971:							
Public universities	62.7	56.4	5,240	9.8	72.8	13.8	3.6
Private universities	37.3	43.6	6,810	73.6	17.9	6.0	2.5
1969 - 71:							
Public universities	63.7	56.0	4,670	7.5	74.3	14.5	3.7
Private universities	36.3	44.0	6,440	72.4	19.7	5.9	2.0

Source: 15 percent sample of loan application forms.

Table 9

Student Loans and the Financing of Universities

	1969		1970	
	Public Universities	Private Universities	Public Universities	Private Universities
1. Total university revenue[a] (Thousand Pesos)	707,300	210,100	776,600	269,400
2. Total revenue originating from tuition fees[a] (Thousand Pesos)	39,150	146,000	37,800	187,000
3. Tuition fees as a proportion of total revenue (2/1 x 100)	5.5	69.5	4.9	69.4
4. Number of ICETEX loans[b]	5,720	3,480	6,640	3,560
5. Average amount of loan (Pesos)	4,360	6,320	4,470	6,230
6. Average amount of tuition finance per loan (Pesos)	260	4,430	290	4,520
7. Total tuition fees financed through ICETEX loans (6 x 4, thousand Pesos)	1,490	15,420	1,930	16,090
8. Loan-financed tuition fees as a proportion of total revenue from tuition fees (7/2 x 100)	3.8	10.6	5.1	8.6
9. Loan-financed tuition fees as a proportion of total university revenue (7/1 x 100)	0.2	7.3	0.2	6.0

Source: (a) See Table 15 in "Reforma de la Educación Superior, Documentos de Estudio", ICFES, Julio 1971.

(b) Total number of ICETEX loans: 9,200 in 1969 and 10,200 in 1970.

15 percent sample of loan application forms.

Table 10

ICETEX Loans and Student Finance

Pesos unless specified otherwise

	1969		1970		1971		1969 - 1971	
	Public Universities	Private Universities	Public Universities	Private Universities	Public Universities	Private Universities	Public Universities	Private Universities
1. Average amount of loan	4,360	6,320	4,470	6,230	5,240	6,810	4,670	6,440
2. Average amount of student finance per loan(a)	4,100	1,890	4,180	1,710	4,730	1,810	4,320	1,790
3. Additional sources of finance per borrower								
- Family help	1,500	2,340	1,470	1,970	1,590	2,420	1,510	2,220
- Wages	370	1,370	800	2,700	1,330	2,630	820	2,250
- Others	330	510	530	600	600	310	490	480
4. Total student finance per borrower	6,300	6,110	6,980	6,980	8,250	7,170	7,140	6,740
5. Total student finance accounted for:								
- by student loans (%)	65.1	30.9	59.9	24.5	57.3	25.2	60.5	26.6
- by family help (%)	23.8	38.3	21.1	28.2	19.3	33.8	21.1	32.9
- by other sources (%)	11.1	30.8	19.0	47.3	23.4	41.0	18.4	40.5

Source: 15 percent sample of loan application forms.

Note : (a) Including finance for maintenance, books and graduation; excluding finance for tuition.

Table 11

Volume of Loans Over the 1969-71 Period, by Field of Study

Field of Study	Percent Distribution of Loans			Average amount of Loan (Pesos)			Percent Distribution of Total Amount Borrowed			Percent Distribution of Total Student Body 1968* (%)
	Total	Public Universities	Private Universities	Total	Public Universities	Private Universities	Total	Public Universities	Private Universities	
Engineering	30.9	27.8	36.2	5540	4370	7120	32.2	26.0	40.0	24.0
Medical Sciences	17.3	21.0	11.0	6240	5350	9200	20.4	24.0	15.7	10.8
Agriculture	12.4	19.2	0.4	4940	4850	3920	11.6	20.3	0.2	6.6
Business Administration and Economics	10.4	7.4	15.8	5120	4700	5460	10.0	7.4	13.4	14.2
Law	7.9	4.8	13.3	4710	4450	4880	7.0	4.6	10.1	10.5
Exact Sciences	7.6	7.6	7.5	4870	4030	6360	7.0	6.6	7.4	3.0
Social Sciences	4.6	3.8	6.0	4880	4030	5840	4.2	3.3	5.5	4.3
Architecture, Fine Arts	3.1	2.4	4.4	5150	3800	6470	3.0	2.0	4.4	6.4
Humanities	2.2	1.8	2.8	3770	3680	3880	1.5	1.4	1.7	3.0
Education	2.1	2.3	1.7	5290	5810	4040	2.0	2.8	1.1	10.9
Middle Level Technology	1.3	1.7	0.6	3860	3840	3970	0.9	1.4	0.4	n.a.
Others and Undeclared	0.2	0.2	0.3	3890	4400	3250	0.2	0.2	0.1	6.3
Total	100.0	100.0	100.0	5320	4670	6440	100.0	100.0	100.0	100.0
	100.0	63.7	36.3				100.0	56.0	44.0	

Figures may not add due to rounding.

Sources: *La Educación en Colombia, 1960-1968, Anexo Estadístico, Ministerio de Educación, Oficina de Planeamiento.

15 percent sample of loan application forms.

Table 12

Student Loans, Financing and Costs of Studies Over the 1969-71 Period

Percentages

	Amount of Loan as a Proportion of Total Finance	Amount of Loan as a Proportion of Cost of Studies	Loan-Financed Tuition Costs as a Proportion of Total Tuition Costs	Loan-Financed Maintenance Costs* as a Proportion of Total Maintenance Costs*
Public Universities				
Engineering	63.5	70.7	87.7	69.1
Medical Sciences	59.2	70.4	68.0	70.5
Agriculture	65.2	69.6	61.0	70.2
Business Administration and Economics	61.6	67.0	64.0	67.4
Law	64.3	68.1	53.9	68.5
Exact Sciences	64.6	68.8	82.3	67.7
Social Sciences	72.0	68.8	81.4	67.6
Architecture, Fine Arts	55.3	62.5	48.9	63.1
Humanities	44.4	68.9	37.3	69.9
Education	61.0	72.7	78.8	79.0
Middle Level Technology	65.7	70.6	91.3	69.0
Others and Undeclared	72.7	64.3	n.a.	n.a.
Total	62.4	69.7	74.9	69.3
Private Universities				
Engineering	58.9	77.9	97.9	52.9
Medical Sciences	62.1	73.9	95.4	22.6
Agriculture	77.4	86.0	100.0	66.4
Business Administration and Economics	47.5	83.2	99.8	62.4
Law	51.3	73.1	97.2	58.3
Exact Sciences	73.2	79.3	95.9	55.4
Social Sciences	50.1	75.1	99.0	36.5
Architecture, Fine Arts	63.1	77.7	90.4	53.0
Humanities	42.5	66.3	93.8	34.8
Education	42.1	72.9	95.6	56.1
Middle Level Technology	79.9	112.0	124.0	85.2
Others and Undeclared	44.2	42.4	n.a.	n.a.
Total	56.5	77.0	95.4	51.3

*Including costs of books and graduation.

Source: 15 percent sample of loan application forms.

Table 13

Volume of Loans, by Type of University and Regions Over the 1969-71 Period

Regions	Public Universities				Private Universities			
	Student Population* (%)	Number of Borrowers (%)	Average Amount of Loan (Pesos)	Total Amount Borrowed (%)	Student Population* (%)	Number of Borrowers (%)	Average Amount of Loan (Pesos)	Total Amount Borrowed (%)
Antioquia	20.5	15.2	4770	15.6	14.3	9.7	4750	7.1
Atlantico	4.6	0.6	3530	0.4	1.6	0.6	5000	0.5
Bolivar	4.1	7.1	5230	7.9	.0	.0	-	-
Boyaca	3.9	5.3	3960	4.5	.0	.0	-	-
Caldas	5.5	7.1	4460	6.8	.0	.0	-	-
Cauca	3.3	1.8	4960	1.9	.0	.0	-	-
Cordoba	1.3	2.5	5120	2.8	.0	.0	-	-
Cundinamarca	31.0	32.1	4720	32.4	77.6	88.3	6690	91.8
Narino	2.4	0.8	3920	0.7	.0	.0	-	-
Norte de Santander	0.9	0.4	4570	0.4	.0	.0	-	-
Quindio	2.2	0.5	3110	0.4	.0	.0	-	-
Risaralda	2.7	7.1	3910	6.0	.0	.0	-	-
Santander	6.6	7.6	5130	8.3	1.6	0.2	3110	0.1
Tolima	2.3	6.0	4760	6.1	.0	.0	-	.0
Valle del Cauca	8.6	5.7	4770	5.8	4.9	1.2	2870	0.5
Total	100.0	100.0	4670	100.0	100.0	100.0	6440	100.0

* For 1970 only. The data are derived from Table 8 in "Reforma de la Educacion Superior - Documentos de Estudio", ICFES, Bogota, 1971.

Source: 15 percent sample of loan application forms.
Figures may not add due to rounding.

Table 14

Loan Recipients by Place of Birth, Residence and Study Over the 1969-71 Period

Percentages

Regions	Place of Birth	Place of Parents' Residence	Place of Applicants' Residence	Place of Study	Proportion of Recipients whose city of study is the same as city of residence
Antioquia	11.3	11.9	12.1	13.6	84.3
Atlantico	3.2	2.8	2.1	0.6	60.9
Bolivar	3.9	4.1	4.4	4.4	68.6
Boyaca	7.1	4.5	3.4	3.4	63.8
Caldas	4.3	4.1	3.6	4.4	60.5
Cauca	1.4	1.4	1.1	1.1	55.8
Cordoba	2.5	2.8	2.1	1.6	61.9
Cundinamarca	23.5	33.8	44.0	52.7	77.2
Choco	0.6	0.3	0.1	.0	-
Huila	2.7	1.7	1.2	.0	-
Magdalena	2.2	1.9	1.0	.0	-
Meta	0.6	0.6	0.4	.0	-
Nariño	2.7	2.0	1.3	0.5	68.4
Norte de Santander	3.5	2.3	1.6	0.3	33.3
Quindio	2.3	1.4	1.3	0.3	61.5
Risaralda	3.2	2.9	3.3	4.4	54.4
Santander	7.7	6.2	4.7	4.7	51.1
Sucre	1.7	1.9	1.0	.0	-
Tolima	6.2	5.2	4.1	3.8	69.2
Valle del Cauca	7.5	6.2	6.4	4.1	78.5
Others	2.0	2.0	0.8	.0	-
Total	100.0	100.0	100.0	100.0	73.3

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 15

Volume of Loans According to Academic Ability of the Recipients Over the 1969-71 Period

Academic Ability	Public Universities			Private Universities		
	Number of Loans (%)	Average Amount of Loan (Pesos)	Total Amount Borrowed (%)	Number of Loans (%)	Average Amount of Loan (Pesos)	Total Amount Borrowed (%)
0 - 62	10.6	6900	15.6	6.5	6690	6.7
63 - 67	7.3	4410	6.9	6.8	6870	7.3
68 - 76	53.2	4450	50.6	49.1	6720	51.3
77 - 85	24.3	4360	22.7	31.5	5940	29.0
86 - 92	3.9	4150	3.5	5.6	5910	5.1
93 - 99	0.8	4330	0.7	0.6	6880	0.6
Total	100.0	4670	100.0	100.0	6440	100.0

Figures may not add due to rounding.

Source: 15 percent sample of loan application form.

Table 16

Structure of Loans According to Academic Ability of the Recipients Over the 1969-71 Period

Percentages

Academic Ability	Maintenance Costs	Tuition	Books	Thesis	Total
Public Universities					
0 - 62	78.3	10.8	7.5	3.4	100.0
63 - 67	71.7	7.5	17.1	3.7	100.0
68 - 76	73.6	6.7	15.8	3.9	100.0
77 - 85	74.3	7.3	15.6	2.8	100.0
86 - 92	70.9	13.5	13.7	1.9	100.0
93 - 99	73.2	3.5	19.0	4.3	100.0
Total	74.4	7.6	14.5	3.5	100.0
Private Universities					
0 - 62	25.3	68.6	4.5	1.6	100.0
63 - 67	17.7	76.6	4.3	1.4	100.0
68 - 76	19.5	72.2	6.3	2.0	100.0
77 - 85	19.8	72.3	5.5	2.4	100.0
86 - 92	16.9	74.3	7.5	1.3	100.0
93 - 99	15.1	75.2	3.2	6.5	100.0
Total	19.7	72.5	5.8	2.0	100.0

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 17 a

Loan Recipients, and High School Leavers by Level of Family Income

Percentages

Income Bracket (Pesos Per Year)	High School Leavers[1] (1970)	Loan Recipients[2] (1969 - 71)
0 - 18000	29.7	30.2
18000 - 36000	26.9	24.2
36000 - 54000	15.4	15.0
54000 - 72000	10.1	8.4
72000 - 120000	9.0	12.1
120000 - 240000	4.3	10.1
Over 240000	4.6	
Total	100.0	100.0

Sources:
1/ Unpublished Tabulations provided by the National Testing Service of ICFES.
2/ 15 percent sample of loan application forms.

Table 17 b

Occupational Structures and Average Yearly Income

1970 / Occupational Categories	Occupational Structure: Total Active Population	Occupational Structure: Active Population in Urban Areas	Occupational Structure: Fathers of Loan Recipients	Average Yearly Income: Total Active Population (Pesos)	Average Yearly Income: Active Population in Urban Areas (Pesos)	Average Yearly Income: Loan Recipients (1969 - 71) (Pesos)
Professional, Managerial and Related Workers - Working Proprietors	7.4	11.0	15.5	38,300	37,900	76,800
Clerical and Sales Workers	31.5	44.6	35.6	14,500	20,200	56,900
Manual Workers	28.3	36.3	11.2	10,800	11,700	35,100
Farmers	32.8	8.1	11.5	7,100	10,400	49,900
Armed Forces, Policy, Retired, Disabled	n.a.	n.a.	8.8	n.a.	n.a.	50,200
No Answer	n.a.	n.a.	17.4	n.a.	n.a.	49,600
Total	100.0	100.0	100.0	n.a.	n.a.	53,000

Sources:
See Chapter One, Table 1 and 2 in "Distribucion de Ingresos en Colombia" by Polibio Cardoba, DANE, Bogota, 1971, and text.

15 percent sample of loan application forms.

Table 18

Volume of Loans According to Family Income of the Recipients Over the 1969- 71 Period

Income Brackets (Pesos/year)	Family Size	Family Income (%)	Number of Loans (%)	Average Amount of Loan (Pesos)	Total Amount Borrowed (%)
Public Universities					
0 - 18000	5.4	8.1	37.7	4440	36.6
18000 - 36000	5.7	17.4	26.2	4460	25.7
36000 - 54000	6.0	17.0	15.0	4730	15.1
54000 - 72000	5.6	11.7	7.4	5100	8.3
72000 - 120000	5.5	19.2	8.4	4260	7.9
Over 120000	5.5	26.6	5.3	5460	6.5
Total	5.6	100.0	100.0	4580	100.0
Private Universities					
0 - 18000	5.1	2.3	18.3	5890	16.5
18000 - 36000	5.3	7.6	20.8	5970	19.1
36000 - 54000	5.2	9.5	16.3	6100	14.5
54000 - 72000	5.0	8.5	9.9	6800	10.4
72000 - 120000	4.5	22.2	17.6	7200	19.3
Over 120000	5.0	49.9	17.1	7700	20.2
Total	5.0	100.0	100.0	6570	100.0

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 19

Volume of Loans According to Father's Occupation of the Recipients Over the 1969-71 Period

Father's Occupation	Family Size*	Average Yearly Income (Pesos)	Number of Loans (%)	Average amount of Loan (Pesos)	Total Amount Borrowed (%)
Public Universities					
Professional, Managerial and Related Workers - Working Proprietors	5.5	53,300	13.3	4680	13.6
Clerical and Sales Workers	5.8	48,200	34.0	4500	33.3
Manual Workers	5.6	27,200	13.6	4570	13.6
Farmers	6.4	33,700	12.7	4660	12.9
Armed Forces, Police, Retired, Disabled	5.7	42,800	8.4	4720	8.7
No Answer	5.4	30,400	18.0	4600	18.0
Total	5.7	39,400	100.0	4590	100.0
Private Universities					
Professional, Managerial and Related Workers - Working Proprietors	4.7	103,900	19.2	7100	21.2
Clerical and Sales Workers	5.0	68,800	38.6	6520	39.0
Manual Workers	5.5	57,000	7.0	6180	6.7
Farmers	6.5	73,100	9.4	6210	9.1
Armed Forces, Police, Retired, Disabled	4.9	60,600	9.5	6030	8.9
No Answer	4.9	66,600	16.2	5990	15.1
Total	5.1	73,100	100.0	6450	100.0

Source: 15 percent sample of loan application forms.

* Average number of brothers and sisters.

Table 20

Structure of Loans According to Socio-Economic Origin of the Recipients Over the 1969-71 Period

Percentages

Socio-Economic Origin	Maintenance Costs	Tuition	Books	Graduation	Total
Public Universities					
Professional, Managerial and Related Workers - Working Proprietors	72.7	7.8	15.9	3.6	100.0
Clerical and Sales Workers	72.9	8.2	15.1	3.8	100.0
Manual Workers	74.7	7.6	15.5	2.2	100.0
Farmers	76.3	4.9	14.9	3.9	100.0
Armed Forces, Police, Retired, Disabled	74.7	6.0	16.1	3.2	100.0
No Answer	73.9	7.8	14.1	4.2	100.0
Total	73.9	7.4	15.0	3.7	100.0
0 - 18000	76.0	4.7	15.5	3.8	100.0
18000 - 36000	73.7	7.3	15.8	3.2	100.0
36000 - 54000	73.4	7.3	14.4	4.9	100.0
54000 - 72000	74.3	8.0	13.4	4.3	100.0
72000 - 120000	70.2	11.3	15.5	3.0	100.0
Over 120000	67.5	17.8	12.0	2.7	100.0
Total	73.9	7.4	15.0	3.7	100.0
Private Universities					
Professional, Managerial and Related Workers - Working Proprietors	12.1	82.0	4.7	1.2	100.0
Clerical and Sales Workers	18.8	73.6	5.3	2.3	100.0
Manual Workers	21.3	71.6	5.3	1.8	100.0
Farmers	24.4	62.9	9.3	3.4	100.0
Armed Forces, Police, Retired, Disabled	20.4	73.3	4.9	1.4	100.0
No Answer	21.4	69.4	6.9	2.3	100.0
Total	19.0	73.0	5.9	2.1	100.0
0 - 18000	27.5	61.6	7.7	3.2	100.0
18000 - 36000	22.9	67.0	7.5	2.6	100.0
36000 - 54000	20.9	70.7	6.5	1.9	100.0
54000 - 72000	17.6	74.7	6.2	1.5	100.0
72000 - 120000	15.5	78.3	4.7	1.5	100.0
Over 120000	11.0	83.9	3.3	1.8	100.0
Total	19.0	73.0	5.9	2.1	100.0

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 21

Volume of Loans According to Past Academic Ability and Family Income of the Recipients Over the 1969- 71 Period

Percentages

Family Income \ Academic Ability	0-62	63-67	68-76	77- 85	86-92	93-99	Total
Public Universities							
0 - 18000							
Number of loans	2.4	7.7	57.1	27.4	4.5	0.9	100.0
Total amount borrowed	2.6	8.1	58.6	26.0	3.7	0.8	100.0
18000 - 36000							
Number of loans	3.0	8.4	58.2	23.9	5.8	0.7	100.0
Total amount borrowed	3.3	8.3	58.6	23.2	6.2	0.4	100.0
36000 - 54000							
Number of loans	1.7	9.4	57.3	26.9	3.4	1.3	100.0
Total amount borrowed	1.2	9.9	54.8	29.0	3.6	1.5	100.0
54000 - 72000							
Number of loans	2.4	4.9	61.8	25.2	5.7	.0	100.0
Total amount borrowed	2.7	4.2	59.1	29.0	4.9	.0	100.0
72000 - 120000							
Number of loans	3.6	10.3	64.2	20.4	1.5	.0	100.0
Total amount borrowed	3.8	8.2	70.6	16.3	1.1	.0	100.0
Over 120000							
Number of loans	5.5	5.5	56.0	26.4	6.6	1.0	100.0
Total amount borrowed	3.2	4.5	59.4	24.7	7.2	1.0	100.0
Private Universities							
0 - 18000							
Number of loans	1.9	9.0	47.4	34.1	7.1	0.5	100.0
Total amount borrowed	2.3	10.8	50.3	31.3	4.8	0.5	100.0
18000 - 36000							
Number of loans	3.3	5.0	50.2	34.9	6.2	0.4	100.0
Total amount borrowed	3.8	5.2	51.9	34.1	4.9	0.1	100.0
36000 - 54000							
Number of loans	2.3	4.6	51.4	37.0	4.6	.0	100.0
Total amount borrowed	3.8	4.8	52.7	33.7	4.8	.0	100.0
54000 - 72000							
Number of loans	0.9	9.6	54.4	27.2	7.0	0.9	100.0
Total amount borrowed	1.1	10.2	54.2	24.5	8.8	1.1	100.0
72000 - 120000							
Number of loans	2.1	10.1	55.9	28.7	2.1	1.1	100.0
Total amount borrowed	2.1	11.6	57.5	25.5	2.0	1.3	100.0
Over 120000							
Number of loans	1.6	4.4	42.6	21.7	8.0	21.7	100.0
Total amount borrowed	1.9	2.9	45 3	20.7	7.8	21.3	100.0

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 22

Volume of Loans According to Past Academic Ability and Father's Occupation of the Recipients Over the 1969-71 Period

Percentages

Father's Occupation \ Academic Ability	0-62	63-67	68-76	77-85	86-92	93-99	Total
Public Universities							
Professional, Managerial and Related Workers, Working Proprietors							
Number of loans	14.7	8.4	52.2	21.1	3.2	0.4	100.0
Total amount borrowed	18.8	8.3	52.5	17.1	2.8	0.4	100.0
Clerical and Sales Workers							
Number of loans	22.7	8.5	45.2	18.8	4.3	0.5	100.0
Total amount borrowed	24.0	8.6	44.2	18.2	4.5	0.4	100.0
Manual Workers							
Number of loans	24.7	9.0	40.5	20.2	4.5	1.2	100.0
Total amount borrowed	29.2	7.7	39.1	19.1	3.6	1.2	100.0
Farmers							
Number of loans	26.6	10.1	44.4	16.1	2.0	0.8	100.0
Total amount borrowed	26.2	10.4	44.6	15.6	2.0	1.0	100.0
Armed Forces, Police, Retired, Disabled							
Number of loans	18.4	10.0	46.6	23.3	1.8	0.1	100.0
Total amount borrowed	20.8	10.0	46.9	20.0	2.0	0.2	100.0
No Answer							
Number of loans	29.6	9.5	38.7	18.3	3.3	0.6	100.0
Total amount borrowed	30.0	10.4	37.6	18.7	2.9	0.4	100.0
Private Universities							
Professional, Managerial and Related Workers, Working Proprietors							
Number of loans	7.9	11.7	49.5	26.2	4.2	0.5	100.0
Total amount borrowed	7.7	14.1	50.9	21.9	4.6	0.6	100.0
Clerical and Sales Workers							
Number of loans	12.4	8.3	47.3	27.8	3.8	0.5	100.0
Total amount borrowed	12.3	8.3	48.1	27.0	3.8	0.5	100.0
Manual Workers							
Number of loans	16.2	5.4	35.1	37.8	5.4	.0	100.0
Total amount borrowed	13.8	5.9	37.5	37.5	5.0	.0	100.0
Farmers							
Number of loans	15.5	8.2	41.8	24.5	10.0	.0	100.0
Total amount borrowed	13.2	9.2	43.4	26.2	7.9	.0	100.0
Armed Forces, Police Retired, Disabled							
Number of loans	12.6	11.7	44.7	25.2	3.9	2.0	100.0
Total amount borrowed	11.0	12.8	44.5	25.6	4.4	1.6	100.0
No Answer							
Number of loans	18.6	8.1	40.2	26.6	6.5	.0	100.0
Total amount borrowed	15.8	7.1	47.1	24.0	5.9	.0	100.0

Figures may not add up due to rounding.

Source: 15 percent sample of loan application forms.

Table 23

Student Loans and Other Sources of Student Finance, by Socio-Economic Origin Over the 1969-71 Period-Public Universities

Socio-Economic Origin	Total Finance (Pesos)	Total Finance Accounted for: (%)				Total Finance as a Proportion of Total Expected Expenditures (%)
		ICETEX Loans	Family Help	Wages	Others	
Family Income						
0 - 18000	6600	67.3	19.3	5.5	7.9	105
18000 - 36000	6970	64.0	23.1	8.7	4.2	108
36000 - 54000	7750	61.0	19.8	8.3	10.9	112
54000 - 72000	8190	62.3	21.7	9.7	6.3	109
72000 - 120000	7900	53.9	20.8	22.3	3.0	122
Over 120000	9720	56.2	20.4	15.1	8.3	107
Total	7270	63.0	20.8	9.4	6.8	109
Father's Occupation						
Professional, Managerial and Related Workers - Working Proprietors	7880	59.4	21.0	12.7	6.9	111
Clerical and Sales Workers	7290	61.7	24.2	8.4	5.7	113
Manual Workers	6620	69.1	22.2	0.2	8.5	105
Farmers	7110	65.5	22.0	4.7	7.8	107
Armed Forces, Police, Retired, Disabled	8190	57.6	17.6	17.6	7.2	116
No Answer	7620	60.4	16.4	17.2	6.0	111
Total	7410	62.0	20.4	11.1	6.5	110

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 24

Student Loans and Other Sources of Student Finance, by Socio-Economic Origin Over the 1969- 71 Period - Private Universities

Socio-Economic Origin	Total Finance (Pesos)	Total Finance Accounted for: (%)				Total Finance as a Proportion of Total Expected Expenditures (%)
		ICETEX Loans	Family Help	Wages	Others	
Family Income						
0 - 18000	9310	63.3	17.0	16.9	2.8	126
18000 - 36000	10310	57.9	18.4	17.8	5.9	138
36000 - 54000	12390	49.2	17.1	27.4	6.3	147
54000 - 72000	11050	61.5	30.2	3.9	4.4	120
72000 - 120000	11080	65.0	23.9	7.8	3.3	123
Over 120000	13690	56.2	23.6	16.1	4.0	133
Total	11280	58.2	20.6	16.5	4.7	132
Father's Occupation						
Professional, Managerial and Related Workers - Working Proprietors	12140	58.5	26.5	8.2	6.8	134
Clerical and Sales Workers	10280	63.4	25.0	9.1	2.5	123
Manual Workers	12650	48.9	15.0	29.0	7.1	165
Farmers	10980	56.6	21.9	19.5	2.0	125
Armed Forces, Police, Retired, Disabled	12280	49.1	15.4	27.9	7.6	162
No Answer	11380	52.6	14.0	29.5	3.9	139
Total	11410	56.5	19.5	19.7	4.3	137

Figures may not add due to rounding.

Source: 15 percent sample of loan application forms.

Table 25

Repeat Rates* Among Loan Recipients Over the 1969-72 Period, by Socio Economic Origin and Past Academic Ability

	Repeaters in:			Total Repeaters	Total 1969 Borrowers	Repeat rates (%)
	1970	1971	1972			
Total	44	44	47	135	908	15
Public Universities	29	33	43	105	572	18
Private Universities	15	11	4	30	336	9
Family Income						
0 - 18000	9	4	5	18	207	9
18000 - 36000	2	2	4	8	144	6
36000 - 54000	10	5	4	19	82	23
54000 - 72000	1	4	5	10	45	22
72000 - 120000	7	3	4	14	61	23
Over 120000	2	3	1	6	61	10
Father's Occupation						
Professional, Managerial and Related Workers. Working Proprietors	6	5	7	18	112	16
Clerical and Sales Workers	13	17	13	43	234	18
Manual Workers	2	1	5	8	77	10
Farmers	5	3	4	12	83	14
Armed Forces, Police, Retired and Disabled	1	2	2	5	48	10
No Answer	3	1	3	7	107	7
Academic Ability						
00 - 67	3	2	5	10	38	26
68 - 76	19	14	15	48	363	13
77 - 85	9	5	2	16	158	10
86 - 99	0	0	2	2	41	5

Source: 15 percent sample of loan application forms.

* Number of loan recipients who are one year late or more at the end of the four year period, as a proportion of the total number of 1969 recipients.

Table 26

Students' Attitudes Towards ICETEX Loans

Percentages unless specified otherwise

Income Bracket (Pesos/Year)	0 - 18000	18000 - 36000	36000 - 54000	54000 - 72000	72000 - 120000	Over 120000	Total
1. High school leavers planning to enroll in a university as a proportion of those taking ICFES tests - 1971:							
Men	97.5	99.1	99.5	99.0	99.3	99.1	98.7
Women	98.5	99.1	99.0	99.3	99.6	98.1	98.9
2. If enrolled, students expect to meet their expenditures in the following way:*							
Family help	44	77	65	83	92	81	69.3
Wages	25	9	17	6	3	7	13.2
Loan	22	11	14	7	4	3	12.0
Others	9	3	4	4	1	9	5.5
3. High school leavers planning to apply for ICETEX loans as a proportion of those planning to enroll in a university:							
Men	60.4	51.0	44.3	39.7	32.2	24.4	48.1
Women	50.2	42.8	37.4	31.2	26.5	17.4	38.5
4. Average amount of loan requested over the 1969-71 period:							
Men (Pesos)	6390	6540	7000	7820	7540	9160	7000
Women (Pesos)	4860	5640	5640	6890	6610	7650	6050
5. Amount of loan granted as a percentage of amount of loan requested over the 1969-71 period:							
Men	76.7	75.7	78.7	80.2	78.5	78.1	77.9
Women	81.6	81.4	82.0	72.9	91.9	86.1	83.1

Source: 1), 2) and 3): Unpublished data from ICFES National Testing Service
4) and 5): 15 percent sample of loan application forms.

* Only one source of financing - the most important - per student is mentioned.

ANNEX

1. Loan Application Form — Page 1 & 2 of 3

2. Coding Sheet — Page 3 of 3

ANNEX

No. Page 1 of 3

FECHA DE RECIBO

ICETEX

APARTADO AEREO 3735
BOGOTA, D. E.
ESCRIBA A MAQUINA O
EN LETRA DE IMPRENTA

SOLICITUD DE CREDITO EDUCATIVO

PARA ESTUDIOS UNIVERSITARIOS
O DE ESPECIALIZACION EN COLOMBIA

LEA DETENIDAMENTE EL REGLAMENTO ADJUNTO

PARTE I — (Para ser diligenciada por el estudiante)

Atentamente solicito un crédito educativo por la suma de $_____ para financiar mis estudios de _____ (materia)

que adelanto en _____ (centro docente) para el periodo que se inicia el _____ de 19___ y termina

el _____ de 19___. ¿Es ésta su primera solicitud de préstamo? SI ☐ NO ☐ En este caso, ¿cuál? _____

COSTO TOTAL DE MIS ESTUDIOS		
A	Matrícula	$
B	Sostenimiento	$
C	Libros	$
D	Gastos de grado	$
	TOTAL	$

AYUDAS FINANCIERAS DE QUE DISPONGO		
A	Contribución familiar	$
B	Becas	$
C	Préstamos	$
D	Sueldos	$
	TOTAL	$

DEUDAS VIGENTES		NOMBRE DEL ACREEDOR	SUMA QUE ADEUDA	VENCIMIENTO
A	Préstamos universitarios anteriores			
B	Préstamos de los bancos			
C	Deudas personales			

PARTE II — DATOS DE IDENTIFICACION (Para ser llenado por el estudiante)

1. Apellidos _____ Nombres _____

ADHIERA FOTO RECIENTE

2. Tarjeta o C. C. No. _____ Expedida en _____

3. Fecha de nacimiento: Mes _____ día _____ año _____

4. Sexo: Masc. ☐ Fem. ☐

5. Estado civil: Soltero ☐ Casado ☐

6. Lugar de nacimiento: Ciudad: _____ Depto. _____

7. Dirección permanente: Ciudad: _____ Depto.: _____ Tel.: _____

8. Status del estudiante: ☐ Diurno ☐ Nocturno ☐ Medio tiempo ☐ Tiempo completo

9. Año académico que cursa: ☐ Estudios de post-grado o año 1o. ☐ 2o. ☐ 3o. ☐ 4o. ☐ 5o. ☐ 6o. ☐ 7o. ☐

10. Fecha de terminación de estudios: Mes: _____ Año: _____

11. Fecha de grado: Mes: _____ Año: _____

PARTE III — INFORMACION FAMILIAR (Para ser llenado por el estudiante)

NOMBRE	EDAD	VIVE?	DIRECCION PERMANENTE	OCUPACION	ENTIDAD DONDE TRABAJA
Padre					
Madre					
Cónyuge					

Número de hermanos ☐

Número de hijos ☐ ¿Cuántos de ellos están estudiando? ☐

Nombre de otros miembros de su familia que hayan solicitado crédito educativo (esta información no limita su opción al préstamo).

Personas distintas a las que viven con usted que puedan informarnos su dirección en cualquier momento.

NOMBRE	CIUDAD	DIRECCION	TELEFONO

REFERENCIAS PERSONALES — Indique tres personas, dos de ellas que hayan sido profesores suyos y que puedan dar referencias sobre su idoneidad y carácter.

NOMBRE	DIRECCION	CIUDAD	TELEFONO

PARTE IV – INFORMES SOBRE RENTA Y PATRIMONIO (Deben coincidir con las copias de las declaraciones de renta y patrimonio).

	RENTA BRUTA	RENTA LIQUIDA	RENTA GRAVABLE
A	Padre		
B	Madre		
C	Estudiante		
D	Cónyuge		

TOTAL $ _____

	PATRIMONIO BRUTO	PATRIMONIO LIQUIDO	PATRIMONIO GRAVABLE
A			
B			
C			
D			

TOTAL $ _____

Indique en qué está representado el activo patrimonial de sus padres, el suyo como aspirante al préstamo y el de su cónyuge.

A _____
B _____
C _____
D _____

Certificamos que la información contenida en esta parte es verdadera, completa y correcta y hecha con buena fe; autorizamos a la Administración de Impuestos Nacionales para que, con destino al ICETEX, expida una copia o certificación de nuestra declaración de renta, que permita verificar los datos anteriormente consignados.

_____
Firma del padre

C. C. No. _____ Expedida en: _____

_____
Firma de la madre

C. C. No. _____ Expedida en: _____

_____
Firma del solicitante

C. C. No. _____ Expedida en: _____

_____
Firma del cónyuge

C. C. No. _____ Expedida en: _____

Observaciones sobre los datos anotados en la sección anterior: _____

PARTE V – CERTIFICACION DEL ESTUDIANTE:

Por medio del presente documento certifico que los fondos que estoy solicitando serán usados por mi exclusivamente para mis gastos educacionales. Admito que todo préstamo que se me haga en virtud de esta solicitud constituye una obligación que acepto aun cuando sea menor de edad. Entiendo perfectamente las condiciones de pago del crédito solicitado y me comprometo a cumplir con todos los reglamentos actualmente vigentes y que en el futuro expida el ICETEX en relación con el programa de CREDITO EDUCATIVO. Esta solicitud será propiedad del ICETEX si el préstamo es aprobado o rechazado.

Fecha _____ Firma _____

DIRECCION ACTUAL _____

ADVERTENCIA: Cualquier persona que incurra en falsedad en este documento o en suplantación de persona estará sujeta a multa de $ 100 a $ 2.000 y a prisión de 2 a 8 años de acuerdo con los artículos 240 y 231 del Código Penal Colombiano.

PARTE VI – (Para uso exclusivo de ICETEX)

Recomendación definitiva:

Resultado examen de aptitud ☐

Promedio de calificaciones ☐

Constatación de datos: ☐ CORRECTOS ☐ INCORRECTOS

		SOSTENIMIENTO	MATRICULA	LIBROS	GRADO
SOLICITUD APROBADA Valor total	$	$	$	$	$

SOLICITUD NEGADA Razones:

50.000 - VII - 80 - IMP. NAL. - 54039

STUDENT LOAN APPLICATION FORM FOR STUDIES IN COLOMBIA

CODING SHEET